Mewah

Delivering Value.
Enriching Lives.

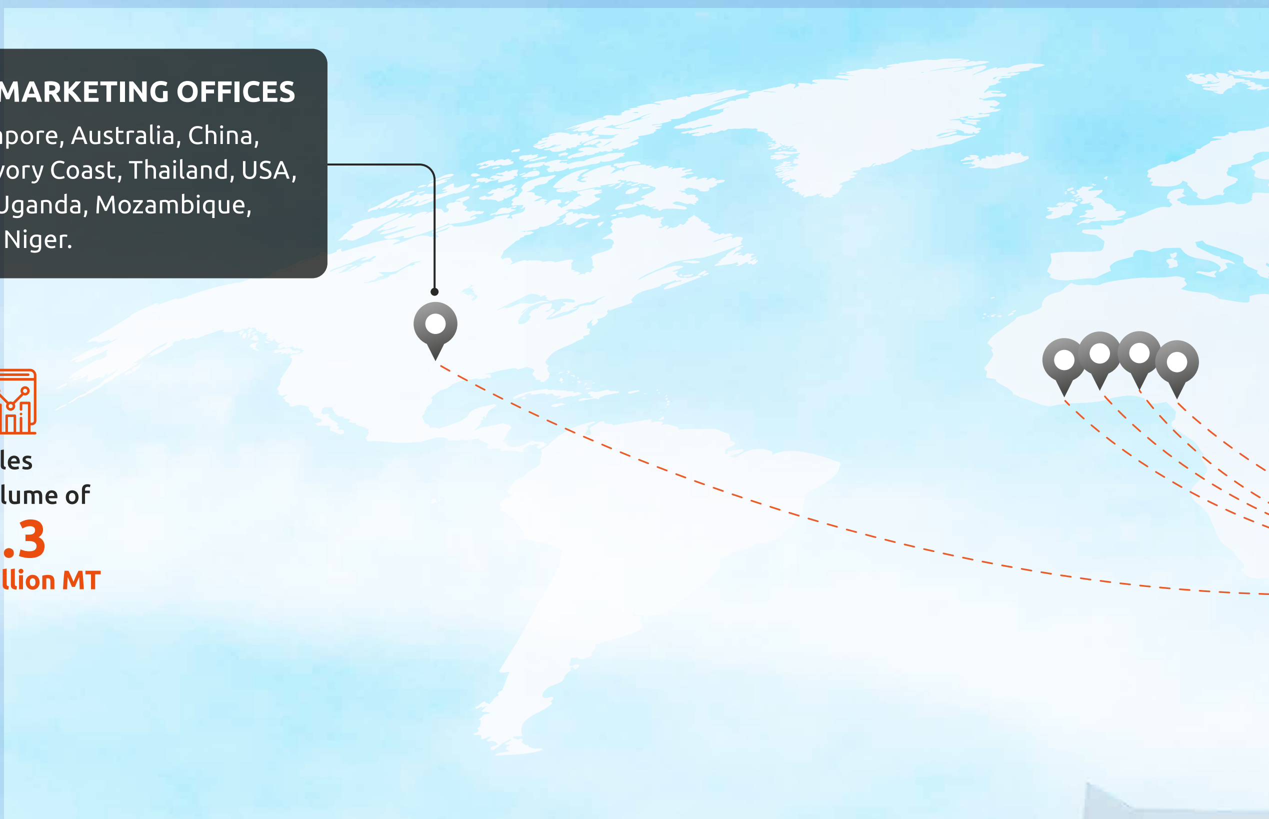
MEWAH INTERNATIONAL INC.
ANNUAL REPORT 2022

OUR LONG ESTABLISHED BRANDS

OKI
Moi
Duke's
MONA
DELi
AROME
FRY-OLA
CABBAGE BRAND
Krispi
美华牌 Mewah
TURKEY

SALES AND MARKETING OFFICES

Malaysia, Singapore, Australia, China, Turkey, India, Ivory Coast, Thailand, USA, Benin, Ghana, Uganda, Mozambique, Cameroon and Niger.



Sales to over **100 countries**

Sales volume of **4.3 million MT**

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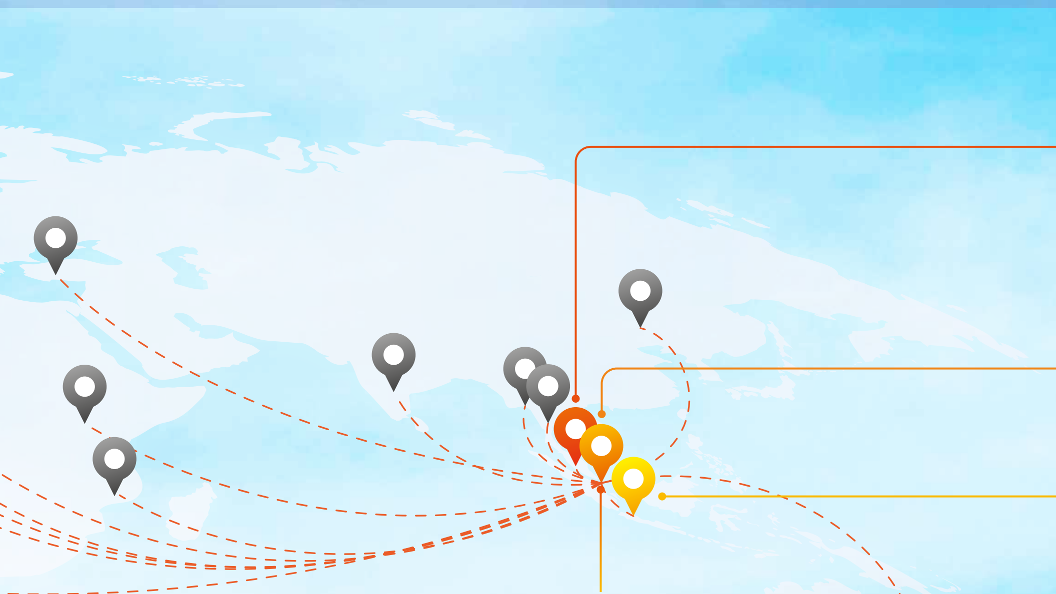
MEWAH INTERNATIONAL INC.

Mewah International Inc. (the "**Company/Mewah**" together with its subsidiaries, the "**Group**") has been in operations since the 1950s. Mewah is a global food and agri-business listed on the Mainboard of the Singapore Stock Exchange Securities Trading Limited since 2010. Today, Mewah has grown to be one of the prominent edible oils and fats businesses with total refining capacity in excess of 3.5 million MT annually. Mewah currently has edible oil refineries, various food manufacturing plants such as bakery and confectionary products, biodiesel plant and dairy factory spread out between Malaysia, Singapore and Indonesia. Mewah also markets and distributes a range of Fast-Moving Consumer Goods products such as rice, cashew, dairy related products, food premixes and soap. Mewah's products are marketed to more than 100 countries through a well-established global sales and distribution network, duly supported by its wide range of brands including our flagship brands **OKI** and **MOI** brands.



MANUFACTURING OPERATIONS
Malaysia, Singapore, Indonesia

Malaysia
- 4 edible oil refineries and manufacturing plants
- 2 packing plants
- 1 biodiesel plant
- 1 dairy manufacturing plant

Singapore
- 1 packing plant

Indonesia
- 1 edible oil refinery, manufacturing and packing plant
- 2 milling plants*
- 2 plantations*

* Plantation and milling plants in Indonesia are insignificant to the Group

CORPORATE PROFILE

Our operations are integrated throughout the value chain from sourcing of raw materials, refining, processing, packing, branding to marketing and distribution to end customers under our own brands.

A GLOBAL FOOD AND AGRI-BUSINESS focused on edible oils and fats

Mewah

UPSTREAM

- Plantation*
- Milling*

* Plantation and milling plants in Indonesia are insignificant to the Group

MIDSTREAM

- Refining vegetable oil
- Specialty oils
- Bioenergy

Bulk

Bulk segment produces and sells vegetable-based edible oil and fat products in bulk form primarily to distributors and factories involved in the production of confectionery, bakery products and other food items. Additionally, the Group also produces bioenergy products as part of its bulk products offerings.

Sourcing of raw materials

Consumer Pack

Consumer pack segment produces vegetable-based edible oil and fat products, in consumer pack form and sell under own brands and under the brands of third parties, primarily to importers and distributors at destination markets. Dairy related products, soap, and rice are also part of the Group's Consumer Pack portfolio, which serves as additional stream of income and help to better serve existing customers, as they normally deal in a basket of commodities.

Sourcing of refined products

Our Flagship Brands –

OKI & MOI

>70 years of operations

Sales volume of **4.3** million MT

Total refining capacity of **3.5** million MT annually

Products are sold to customers in **>100** countries

DOWNSTREAM

- Consumer packs
- Branding
- Private Label
- Sale / marketing
- Distribution

Refining and processing

Refined products

Packing and branding

SALES MARKETING & DISTRIBUTION

CUSTOMERS

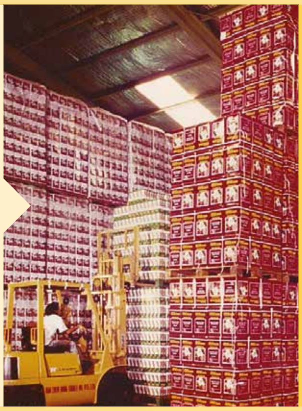
Consumer Products Range

Our range of consumer products include cooking oils, margarine, rice, cashew, sweetened condensed creamer, evaporated milk, cheese, soap, detergent and premix powder. We are continuously working on expanding the products range.

MILESTONES

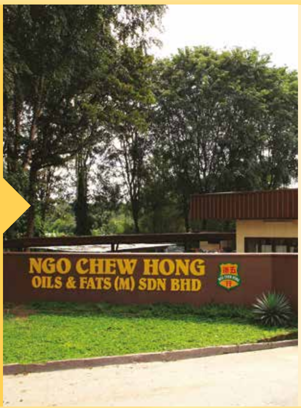
1950s

Commenced packing facility in Singapore.



1987

1st factory build in Semenyih, Malaysia.



1994

2nd factory build in Pasir Gudang, Malaysia.

2013

Commissioned a dairy plant in Klang, Malaysia.

2012

Expanded into Rice Business.

2014

4th factory build in Sabah, Malaysia.

Acquired a bioenergy plant in Klang, Malaysia.

2015

OKI oil awarded the Top Brand title for Premium Cooking Oil category in the year 2015.

2002

Commissioned an integrated food manufacturing complex in Klang, Malaysia.

2009

Became an active member of RSPO and one of the first refiners in Malaysia certified for RSPO Supply Chain Certification.

2010

Listed on the mainboard of the Singapore Stock Exchange (SGX).

Expanded into Soap Business.

2011

Mewah awarded Best Annual Report-Silver Award under First-Year Listed Companies Category by Singapore Corporate Awards 2011.

2016

Cheese Plant commissioned in Klang, Malaysia with supporting cold-chain storage facilities.

Evaporated filled milk plant commissioned in Klang, Malaysia to complete Mewah range of canned milk product offerings.

MILESTONES

2017

Acquired 1st vessel to build logistic capabilities.

Commissioned can making plant in Klang, Malaysia.

2020

Mewah's Board was ranked top among the Mid-Cap companies category and fourth among all 704 primary listing companies on SGX in the Inaugural Singapore Board Diversity Index.

2021

Mewah's joint venture business in Medan, Indonesia.

2022

Acquired second factory in Riau, Indonesia.

Expanded into Premixes and Seasoning Business.

2018

Participated in the supply of Healthier Blended Cooking Oil to the Singapore hawker food vendors under the Health Promotion Board (HPB)'s Healthier Ingredient Initiative.

Expanded into Chocolate Malt Drink Business.

Acquired a factory in Jambi, Indonesia.

2019

Became the first Malaysia's palm oil refinery to export MSPO - certified RBDPO to Japan.

Mewah recognised as the Fastest Growing Company in its Sector by The Edge Singapore's 2022 Centurion Club Awards (the Billion Dollar Club Category consisting of SGX-listed companies in Food & Beverage Sector with market value ranging between S$100 million to S$999 million).

CHAIRMAN'S MESSAGE

In 2022, Covid-19 pandemic began to ease globally, but new challenges emerged. The outbreak of Russia – Ukraine war and the growing complexities of geopolitics led to a rise in global inflation and a heightened sense of food insecurity. Extreme weather events caused by environmental factors have made crop production more unpredictable, making the agricultural sector more vulnerable. The costs of food production have risen due to factors such as higher energy prices, increased fertilizer costs, and higher interest rates. This inflation is causing families to make difficult trade-offs between food and other monthly expenses. The growing trend of protectionist trade policies, including export bans, is further exacerbating the problem.

Despite the unpredictable global situation and challenging operational landscape, the Group has achieved outstanding financial results for the third year in a row. This year's performance surpassed the success of the previous year, reaching an unprecedented record high. Our success can be attributed to the seamless integration of our midstream and downstream factories, our widespread global distribution network, the wealth of management experience and expertise accumulated by the Group over the past 70 years, can-do spirit of our employees, and above all our resilient business model.

The Group's strong performance comes on the back of huge fluctuations in crude palm oil (CPO) prices from RM8,076 a tonne at its highest to RM4,127 a tonne at the end of 2022. Nonetheless, by staying focused on product quality and production and distribution operations, the Group was able to capitalise on our strong balance sheet, global footprint and longstanding record of outstanding customer service to grow our network of suppliers and customers.

As a result, the Group improved our sales volume for both the bulk and the consumer pack segments by 2.9% and 8.0% respectively. In addition, with a higher average selling price of 20.1% compared to the preceding year, the bulk segment recorded a revenue growth of 23.6% to US$4,028.4 million. Similarly, the consumer pack segment's revenue grew by 28.7% to US$1,400.1 million, supported by 19.1% higher average selling price. For the full year, the Group achieved record revenue of US$5,428.5 million, crossing the US$5 billion mark for the first time.

Building on the momentum, the Group further strengthened our balance sheet with the total equity of US$774.8 million and maintained a low gross debt to equity ratio of 0.70 and net debt to equity ratio of 0.57. Additionally, the Group also achieved record operating cash flows before working capital changes of US$207.0 million.

In 2023, factors such as climate change, high energy costs, geopolitical tensions and central banks measures to curb inflation will continue to affect the global supply chain of agricultural commodities. Despite this, we have proven our business model's resilience in the face of unprecedented volatility over the past three years, which gives us the confidence that we can make a positive contribution to the global food supply in a sustainable way.

Over the near-term Indonesia's B35 mandate and the reduction of their DMO palm oil export ratio, combined with improving demand from China's reopening, are expected to support global vegetable oil demand. Looking ahead, long-term projections of significant population growth in regions such as sub-Saharan Africa and South Asia, further reinforces the Group's belief that there are numerous opportunities for growth in our industry.

The support of our shareholders during a volatile time like this is invaluable. Hence, to show the Group's appreciation for our shareholders' support, the Board of Directors has proposed a final exempt dividend of S$0.0140 per ordinary share. Along with the interim dividend of S$0.0015, shareholders received a total dividend of $0.0155 per ordinary share for the full year.

To achieve record results on the back of two consecutive years of strong performance at a challenging time like this is an accomplishment. It is only possible because of the astute leadership of our Board of Directors and senior management team, the dedication and perseverance of our employees during this challenging year, and the generous support of our customers, suppliers, bankers and other stakeholders. Together, they galvanised the Group's commitment to grow our investment in this resilient sector – to alleviate food shortages and further our belief of doing well by doing good. We are starting the new year on solid foundations. Our consistent, outstanding performance over the past three years has positioned us well to overcome any temporary obstacles and meet the demands of future growth. I am confident that as long as we continue to work cohesively and purposefully, we will deliver value and enrich lives – as one, globally.

DR CHEO TONG CHOON @ LEE TONG CHOON
Chairman and Executive Director

CEO'S MESSAGE

2022 saw the vegetable oil market grappling with volatility triggered by recession fears, Russia-Ukraine war and protectionist measures imposed by governments in a bid to secure domestic food supplies. As a result of these uncertainties, crude palm oil (CPO) prices went through a roller coaster ride. In the early part of the year, higher global soyabean oil prices, firmer Brent crude oil prices, reduced sunflower oil supply, lower stockpile of CPO and Indonesia's temporary ban on CPO exports pushed the CPO price to reach a record high of RM8,076 a tonne. However, in the second half of 2022, a sharp decline in the global commodity prices and the resumption of exports by Indonesia drove CPO prices down. CPO prices finally closed at RM4,127.

Notably, significant volatility in prices and disruptions in supply chains contributed to customers having a preference for suppliers with strong global presence and large production and distribution capabilities. Simultaneously, the Group was able to leverage our exemplary credit track record and strong balance sheet to ensure confidence of our suppliers in continuing their supplies. During the year palm oil market was distorted by Indonesia's temporary export ban and levy holidays. This created price distortion between their domestic prices versus global prices, widening the refining margins.

By turning challenging circumstances into positive opportunities, the Group was able to enjoy tremendous success and growth in 2022. Besides recording higher selling price of 19.8%, the Group also increased our sales volume from 4,119,500 metric tonne (MT) last year to 4,293,000 MT. Resultantly, the Group achieved record revenue of US$5,428.5 million and an impressive net profit of US$113.6 million. This represents a growth of 41.8% compared to last year.

The strong performance was underpinned by an increase in sales volumes for the bulk and consumer pack segments, 2.9% and 8.0% respectively, as well as higher operating margins. While the total operating margin of the bulk segment increased by 43.6% to US$215.9 million, the consumer pack segment also grew 13.8% to US$85.0 million.

Due to our robust performance, the Group generated record operating cash flows before working capital changes of US$207.0 million despite longer cycle time of 57 days, as opposed to 51 days last year. We also further bolstered our total equity to US$774.8 million, significantly strengthening our balance sheet.

FUTURE OUTLOOK

As the Group enters 2023, the pandemic which has plagued the world is finally stabilising after two tumultuous years. However, climate change, continuing war between Russia and Ukraine and intensifying geopolitical tensions continue to cast a dark shadow over the world's economy. Weather patterns, labour conditions, currency fluctuations, and geopolitical instability can all influence the balance between supply and demand.

Nonetheless, the outstanding performance of the Group – marked by strong earnings and good cash flow – over the past three years has strengthened the Group's foundation. Our large-scale integrated production facilities in Malaysia, expanding presence in Indonesia, established brands and comprehensive global supply chain network also augment the Group's capabilities to capture arising growth opportunities.

Particularly, the Group noted that national food protectionism is on the rise with renewed focus on self-sufficiency post pandemic, and a sustainable demand for vegetable oils given the United Nation's projection of significant global population growth in sub-Saharan Africa and South Asia regions by 2050. As an established, reputable and socially responsible player in the market, the Group is not only well placed to drive continued growth and success, but also make a positive contribution to the global food supply.

The impressive financial results accomplished in 2022 was unprecedented – and an achievement that reflects the collective hard work and commitment of our people, as well as the unwavering support and guidance of our Board of Directors and Chairman. The trust and confidence that our shareholders, customers, venture partners, suppliers, bankers and other stakeholders continue to place in us, despite the volatility, have also been instrumental to our success. Likewise, the reliable counsel and steadfast partnership that I am lucky to count on from my senior leadership team and their global teams have never failed to offer inspiration in challenging moments.

Looking ahead, we recognise that while challenges abound in the immediate future, the Group is in a strong position to weather through and tap into the sustainable opportunity present in the medium to long-term. We are committed to proactively build on the healthy goodwill and momentum today to deliver value and enrich lives of all stakeholders – sustainably. By doing so, we believe we can help ensure food security for future generations while also creating value for our stakeholders.

MS MICHELLE CHEO HUI NING
Deputy Chairperson, Chief Executive Officer and Executive Director

BOARD OF DIRECTORS

DR CHEO TONG CHOON @ LEE TONG CHOON

Executive Director

Date of first appointment as Director: 29 October 2010
Date of last re-election: 28 April 2021

- Chairman of the Board of Directors
- Member of Nominating Committee

Dr Cheo Tong Choon @ Lee Tong Choon has been leading Mewah for the past 4 decades. As the Chairman of the Board, Dr Cheo is responsible for leading the Board, facilitating effective contribution from non-executive directors, effective communication with shareholders and promoting high standards of corporate governance. He is also responsible for setting the strategic direction of Mewah. Under his direction, Mewah has expanded into refining, manufacturing and trading of palm oil and related products. Dr Cheo also oversaw the expansion of Mewah into new businesses including biodiesel, rice, dairy, premixes & seasonings, and soap.

Dr Cheo obtained a Doctor of Medicine (MD) degree from the University of Saskatchewan, Canada and is a member of the Royal Colleges of Physicians of the United Kingdom in internal medicine. He practiced as a registered medical practitioner from 1975 to 1986 with a group of medical specialists, Drs Bain & Partners in Singapore before he took over the leadership role in Mewah.

Present directorships in other Singapore listed companies : NIL

Past (3 years) directorships in other Singapore listed companies : NIL

MS MICHELLE CHEO HUI NING

Executive Director

Date of first appointment as Director: 29 October 2010
Date of last re-election: 28 April 2022

- Deputy Chairperson
- Chief Executive Officer
- Member of Board of Directors

Ms Michelle Cheo Hui Ning joined Mewah in 2003 and is responsible for the formulation and execution of overall strategy of Mewah, new business development, project execution, corporate risk, factory operations and ESG measures. Since joining Mewah, Ms Cheo has been instrumental in expanding the supply chain of the overall Group. This has included expanding into Indonesia as well as building an additional refinery, specialty fats facilities, bioenergy and dairy factory in Malaysia. She has been the leading force to get Mewah listed on the mainboard of Singapore Exchange in 2010. Prior to joining Mewah, she worked with Exxon Mobil from 1997 to 2003 in USA and Singapore.

In 2021, Ms Cheo was awarded the Outstanding Chief Executive of the year at the Singapore Business Awards. She was also recognized by Her Times Women Empowerment Award Winner for Entrepreneurship in 2019.

Ms Cheo has been a council member of the Singapore Chinese Chamber of Commerce & Industries (SCCCI) since 2019.

Ms Cheo has a Chemical Engineering degree from Imperial College, University of London and a Master of Business Administration degree from INSEAD.

Present directorships in other Singapore listed companies : NIL

Past (3 years) directorships in other Singapore listed companies : NIL

MS BIANCA CHEO HUI HSIN

Executive Director

Date of first appointment as Director: 29 October 2010
Date of last re-election: 19 June 2020

- Chief Operating Officer
- Member of Board of Directors

Ms Bianca Cheo Hui Hsin joined Mewah in 2004 and heads the Consumer Pack segment of which she has overall responsibility. Since taking over the division, she has been focusing on enhancing brand building and sales & development of premium customised oils & fat products. In addition, Ms. Cheo has been instrumental in introducing new products to the consumer pack division, leading Mewah's foray into rice, soap, premixes and dairy products such as condensed and evaporated milk. She has also expanded Mewah's distribution strength, developing the Group's presence in West Africa (such as Benin, Cameroon, Ghana, Cote d Ivoire, Mozambique), Europe (Turkey), and South America. In addition, she has also spearheaded the setting up of the Group's cashew and sesame division. Under her stewardship, Mewah sells to more than 100 countries around the world. Ms Cheo was responsible for executing Mewah's listing on the mainboard of Singapore Stock Exchange.

Ms. Cheo is an active contributor to the National Cancer Centre Singapore where she serves as Chairman of the Development and Advocacy Panel providing advice to the CEO and she is also a Trustee of the Board of NCCRF and a member of the Institution Fund Committee. Ms. Cheo is also an Independent Director at PT Matahari Department Store Tbk, the largest retail platform in Indonesia with stores located across the country and online presence on Matahari.com. In her free time, Ms. Cheo is an avid supporter of the arts and is an executive producer of The LKY Musical, the most successful Singaporean musical of all time.

Prior to joining Mewah, she practiced law in Singapore with Allen & Gledhill LLP from 2000 to 2003 and with Norton Rose LLP from 2003 to 2004. Ms Cheo graduated from the King's College University of London, with a Bachelor of Laws in 1998 and was admitted as an advocate and solicitor of the Supreme Court of Singapore in 2000.

Present directorships in other Singapore listed companies : NIL

Past (3 years) directorships in other Singapore listed companies : NIL

MR ROBERT LOKE TAN CHENG

Independent Director

Date of first appointment as Director: 28 April 2015
Date of last re-election: 28 April 2021

- Member of Board of Directors
- Chairman of Audit Committee
- Member of Remuneration Committee
- Member of Nominating Committee

Mr. Robert Loke Tan Cheng has over 30 years of banking experience with major global, regional corporate lending, risk management, and investment banks in Asia. Mr. Loke led Bangkok Bank Berhad, Malaysia for 9 years before retiring as Chief Executive Officer and Executive Director in 2015. Before joining Mewah, Mr. Loke held various positions in risk management and operational banking with Nomura Singapore Limited, Keppel Tatlee Bank, OCBC Group, Allied Irish Bank, and Chase Manhattan Bank.

Mr. Loke was Chief Executive Officer and Executive Director of Bangkok Bank Berhad, Malaysia and Director for Bangkok Bank Nominees, Malaysia from 2007 to 2015. He was also a member of the Association of Banks in Singapore's (ABS) Standing Committee for Risk Management and the Vice-Chairman of the ABS's Credit Risk task force from 2005 to 2006.

Mr. Loke obtained a Post Graduate Diploma in Management from McGill University in 1979. He also obtained an MBA and Bachelor of Engineering (Electrical) cum Laude (Distinction) from Concordia University in 1980 and 1978 respectively.

Present directorships in other Singapore listed companies : NIL

Past (3 years) directorships in other Singapore listed companies : NIL

BOARD OF DIRECTORS

DR FOO SAY MUI (BILL)

Independent Director

Date of first appointment as Director: 28 April 2015
Date of last re-election: 28 April 2022

- Member of Board of Directors
- Lead Independent Director
- Chairman of Nominating Committee
- Chairman of Remuneration Committee

Dr Foo Say Mui (Bill) has more than 30 years' experience in the financial services industry. Dr Foo has served as the CEO/General Manager of Australia & New Zealand Banking Group Ltd. (ANZ) in Singapore for 12 years from 1999 to 2011. Prior to his retirement from ANZ in 2015, Dr Foo was appointed as Vice Chairman, South and Southeast Asia from 2011 to 2015. Dr. Foo also held various positions such as President Director in Indonesia and Regional Head of Investment Banking.

Dr Foo is currently a director and advisor to several listed and private companies including Tung Lok Restaurants (2000) Ltd., Tower Capital Asia Pte. Ltd., Kenon Holdings Ltd., Business Circle Singapore Pte. Ltd. and M&C REIT Management Ltd.

Dr Foo graduated from Concordia University, Canada with a Bachelor of Business Administration. He also holds a Master of Business Administration from McGill University and an honorary Doctorate of Commerce from James Cook University.

Present directorships in other Singapore listed companies : Tung Lok Restaurants (2000) Ltd

Past (3 years) directorships in other Singapore listed companies : NIL

DATUK DR FAWZIA BINTI ABDULLAH

Independent Director

Date of first appointment as Director: 8 August 2017
Date of last re-election: 19 June 2020

- Member of Board of Directors
- Member of Audit Committee
- Member of Nominating Committee

Datuk Dr Fawzia Binti Abdullah currently sits on the Board of Econ Health Care and Nursing Home Sdn. Bhd. in Malaysia.

In 2010, Datuk Dr Fawzia was appointed as Foundation Dean of the Faculty of Dentistry, SEGI University in Malaysia and was the Professor and Head of the Dental Faculty until her retirement in 2016.

In 1999, Datuk Dr Fawzia was appointed as Public Services Commissioner by DYMM the Yang Di Pertuan Agong of Malaysia for a term of 5 years.

In recognition of her services to Malaysia, Datuk Dr Fawzia was conferred the honourable title — Panglima Jasa Negara by DYMM Yang Di Pertuan Agong of Malaysia. She was also awarded Pingat Ibrahim Sultan in 1976 and Setia Mahkota Johor in 1978 by DYMM Sultan Ismail Johor.

Datuk Dr Fawzia was the first woman to be conferred as Honorary Member of the Malaysian Dental Association (MDA) and was the Vice President of the MDA from 1981 to 1991. Datuk Dr Fawzia was inducted as Fellow of Federation Dentaire International, which was founded in Paris in 1986.

Datuk Dr Fawzia graduated from the University of Singapore with a Bachelor of Dental Surgery in 1968 and she did her postgraduate degree in Public Health Dentistry at the London University in 1976.

Datuk Dr Fawzia was with the Ministry of Health Malaysia for 32 years and was also the first female Director of Oral Health.

Present directorships in other Singapore listed companies : NIL

Past (3 years) directorships in other Singapore listed companies : NIL

TAN SRI DATO' A GHANI BIN OTHMAN

Independent Director

Date of first appointment as Director: 24 February 2021
Date of last re-election: 28 April 2021

- Member of Board of Directors
- Member of Audit Committee
- Member of Remuneration Committee

Tan Sri Dato' A Ghani Bin Othman currently sits on the Board of Trustees of Malaysian Institute of Economic Research (MIER). Tan Sri Dato' Ghani was former Chairman of Sime Darby Plantation Bhd, Sime Darby Bhd, Sime Darby Property Bhd and member of the Board of Trustees of World Islamic Economic Forum (WIEF) in between 2013 to 2020.

Tan Sri Dato' Ghani has served 18 years as Chief Minister of Johor, Chairman of Johor Corporation and Co-Chairman of Iskandar Regional Development Authority from 1995 to 2013.

In recognition of his services to the state and country, he was conferred the Honorable award Darjah Kerabat Johor 1, DK1 by DYMM Sultan Iskandar of Johor in 2006 and Panglima Setia Mahkota, PSM by DYMM Yang di-Pertuan Agong of Malaysia in 2014.

He was appointed as Deputy Minister of Energy, Telecommunications and Post and thereafter became Deputy Minister of Finance in 1990. In 1993, he was appointed as Minister of Youth and Sports and has served in that capacity until 1995.

In 1984, he was appointed as a Member of the Senate and subsequently elected as a Member of Parliament of Ledang in 1986.

Tan Sri Dato' Ghani began his career in 1974 as a lecturer at the Faculty of Economics and Administration, University of Malaya and later served as the Dean of the Faculty from 1980 to 1984.

Tan Sri Dato' Ghani is a Colombo Plan Scholar, graduated with a Bachelor of Economics (Hons) degree from La Trobe University, Australia in 1970 and he also holds a Master in Political Economy from Queensland University, Australia in 1974.

Present directorships in other Singapore listed companies : NIL

Past (3 years) directorships in other Singapore listed companies : NIL

SENIOR MANAGEMENT

DR CHEO TONG CHOON @ LEE TONG CHOON

Chairman and Executive Director

Details of Dr Cheo's working experience and qualifications are set out in "Board of Directors", page 10.

MS MICHELLE CHEO HUI NING

Deputy Chairperson, Executive Director & Chief Executive Officer

Details of Ms Cheo's working experience and qualifications are set out in "Board of Directors", page 10.

MS BIANCA CHEO HUI HSIN

Executive Director & Chief Operating Officer

Details of Ms Cheo's working experience and qualifications are set out in "Board of Directors", page 11.

MR RAJESH SHROFF

Chief Financial Officer

Mr Rajesh Shroff joined Mewah Group in 2019 as Chief Financial Officer. He is responsible for financial strategies and planning, treasury and investor relations, corporate finance and corporate affairs, financial reporting, and taxation. Mr Shroff comes with three decades of extensive experience in areas such as Finance & Treasury, Risk & Compliance, Reporting & Taxation, Planning & Strategy, Merger & Acquisitions, Offshore Shared Services & Automation. His professional career began with one of the Big Four auditing firms, the Ernst & Young Group. Mr Shroff has previously worked at various management positions in food, agri-business & commodity trading sectors in Adani and Olam Group in addition to his experience with Birla Group in manufacturing.

Mr Shroff is also a Fellow member of The Institute of Chartered Accountants of India and an Associate member of The Institute of Company Secretaries of India.

MR SHYAM KUMBHAT

Head of Trading and Merchandising

Mr Shyam Kumbhat joined Mewah Group in 1995 as President of Mewah Oils & Fats Pte Ltd. He is responsible for overseeing our palm oil bulk trading and marketing activities. He possesses more than 45 years of experience in the edible oils and fats industry. Prior to joining Mewah, Mr Kumbhat worked with Pan Century Edible Oils Sdn. Bhd., and was a member of the India-based multinational Birla Group as Vice President, Marketing from 1977 to 1995.

MR CHEO JIAN JIA

Senior Executive Vice President, Commercial

Mr Cheo Jian Jia joined Mewah Group in 2012 as a trader, progressing to Trading Manager in 2014, and then to Senior Executive Vice President, Commercial in 2023. He is responsible for marketing and trading activities for products originating from East Malaysia and Indonesia.

Before joining Mewah, Mr Cheo started his career with Bunge Global Agribusiness.

Mr Cheo graduated with a Bachelor of Science in Chemical Engineering from Northwestern University in 2011 and a Master of Science in Asian Studies from Nanyang Technology University in 2019.

MS WONG LAI WAN

Head of Risk Management

Ms Wong Lai Wan joined Mewah Group in 1987 as a Chemist. She has over 30 years of experience in quality control, production, operations, logistics, marketing, trading, business development, and risk management. She is currently responsible for operational controls and risk management. Before joining Mewah, Ms Wong started her career with Pan Century Edible Oils Sdn. Bhd. as a chemist.

Ms Wong graduated with a Bachelor of Science degree in Chemistry with First Class Honours from University Kebangsaan, Malaysia.

MS AGNES LIM SIEW CHOO

Head of Operations (Malaysia)

Ms Agnes Lim Siew Choo joined Mewah Group in 1988 as a Factory Operations Executive and she has subsequently progressed to overseeing the factory operations of our Malaysian subsidiaries as the Group expanded. Ms Lim has more than 35 years' experience in factory operations. Her present portfolio spans production, quality assurance, procurement, as well as ensuring all local and overseas delivery commitments. Prior to joining Mewah Group, Ms Lim worked with Southern Edible Oils Sdn. Bhd. from 1983 to 1988 as an Operations Executive, and was responsible for receiving and dispatching edible oil, production planning, and the fulfilment of local and overseas shipping requirements.

Ms Lim obtained a Bachelor of Arts degree from The University of York, Toronto, Canada in 1982.

MR ANIL DASHRATH INGROLE

Head of Technical & Operations (South)

Mr Anil Dashrath Ingrole joined Mewah Group in 2011 as Technical Director and has subsequently progressed to Head the Technical & Operations aspects of some key factories and projects. Mr Ingrole has more than 44 years' experience in oleochemical & palm oil industries with deep expertise in areas of technology transfer, cost saving and process innovations. Before joining Mewah, Mr Ingrole has worked VVF India, Aditya Birla's Pan Century Oleochemical and Bombay Oil Industries.

Mr Ingrole is a recipient of an honorary Doctorate from International Intern University and Distinguish Alumni Award from Institute of Chemical Technology (formerly known as UDCT) & its Alumni Association. Mr Ingrole in past has been a member of MPOB's Program Advisory Committee and Process Engineering and Oleochemical subcommittee and Chairman of Malaysia Oleochemical Manufacturers Group Technical committee.

Advocating Good Purpose. Delivering Good Performance.

OPERATIONS AND FINANCIAL REVIEW

	FY 2020	FY 2021	FY 2022
INCOME STATEMENT (US$'million)			
Revenue	3,446	4,349	**5,429**
Operating margin	240.5	225.1	**300.9**
Profit after tax	86.5	80.2	**113.6**
Earnings per share (US cents per share)	5.77	5.34	**7.57**
BALANCE SHEET (US$'million)			
Long-term investments	448	449	**447**
Working capital	368	493	**766**
Total investments	816	942	**1,213**
Equity	610	684	**775**
Gross debt	284	430	**541**
Cash	78	172	**103**
Net debt (Gross debt less Cash)	206	258	**438**
Total capital	816	942	**1,213**
Gross debt to equity	0.47	0.63	**0.70**
Net debt to equity	0.34	0.38	**0.57**
Net asset value per share (US cents per share)	40.73	45.09	**51.30**
SEGMENTAL PERFORMANCE			
Sales volume (MT'000)			
Bulk	3,825	3,037	**3,124**
Consumer Pack	996	1,082	**1,169**
Total	4,821	4,119	**4,293**
Operating margin (US$'million)			
Bulk	160.5	150.4	**215.9**
Consumer Pack	80.0	74.7	**85.0**
Total	240.5	225.1	**300.9**
Operating margin per MT (US$)			
Bulk	42.0	49.5	**69.1**
Consumer Pack	80.3	69.0	**72.7**
Total	49.9	54.6	**70.1**

OPERATIONS AND FINANCIAL REVIEW

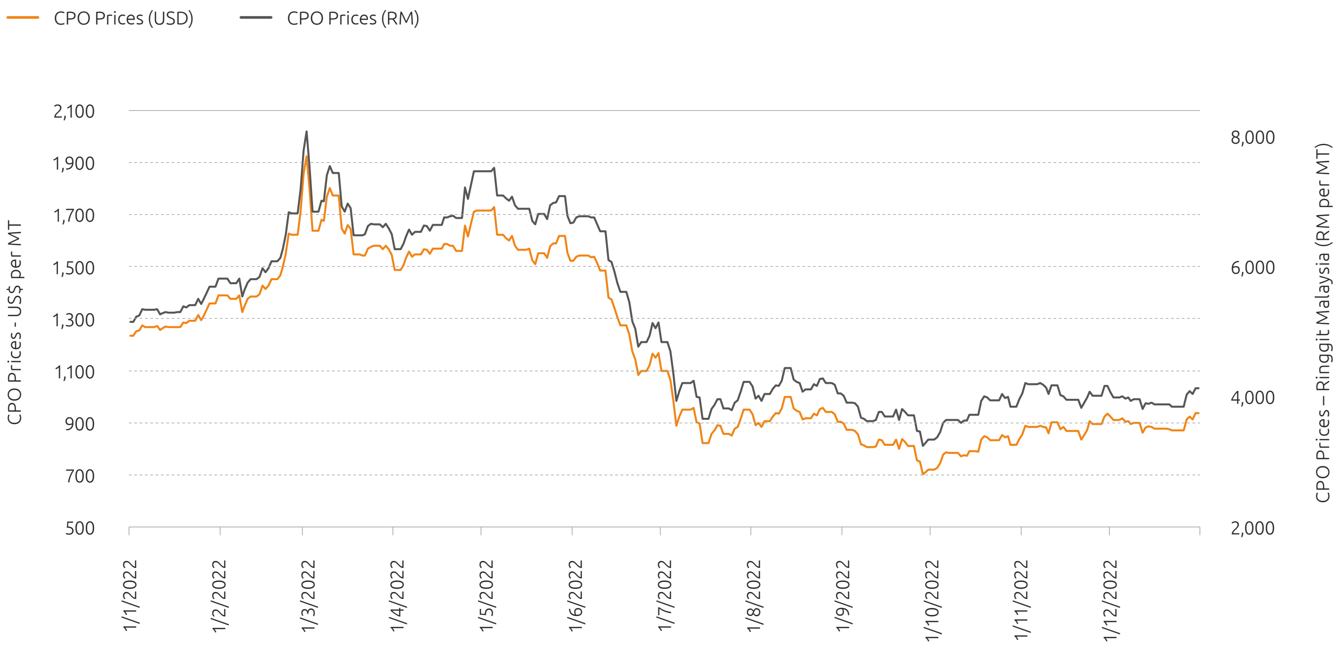
Palm Oil Industry in 2022

The crude palm oil ("CPO") prices went on a roller coaster ride from touching a record high of RM8,076 a tonne in early-March 2022 to finally closing the year at RM4,127. The average MPOB spot price for CPO was higher at RM5,136/tonne in 2022 compared to RM4,447/tonne in 2021. The vegetable oil market had to grapple with volatility triggered by recession fears, war and protectionist measures with respect to domestic food supplies.

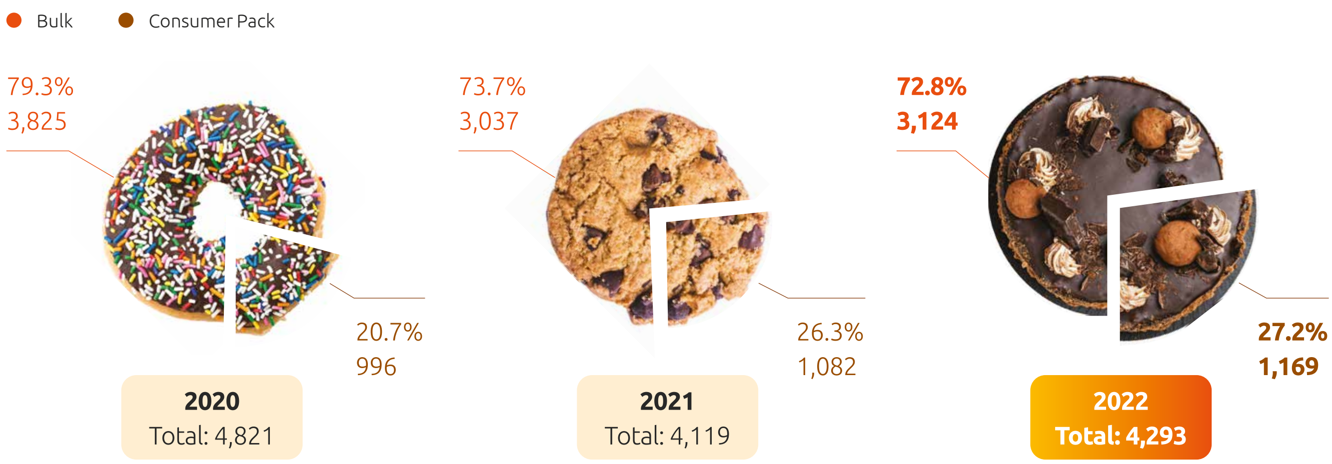
Group's Sales Volume

The Group sales volume rose 4.2% to 4,293,000 MT from 4,119,500 MT last year. Bulk segment contributed 72.8% of total sales volume for the year at 3,124,200 MT, a 2.9% increase from last year. Consumer Pack segment sales volume increase 8.0% at 1,168,800 MT contributing 27.2% of total sales volume for the year.

CPO PRICES (RINGGIT AND US DOLLAR)



SALES VOLUME (MT'000)



Well Diversified Sales Revenue

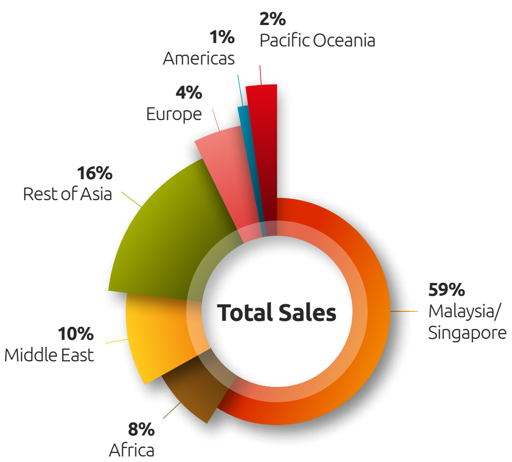
The Group's reported sales revenue of US$5,428.5 million has crossed US$5 billion mark for the first time, an increase of 24.8% compared to last year. This was due to 19.8% higher selling prices combined with 4.2% higher sales volume.

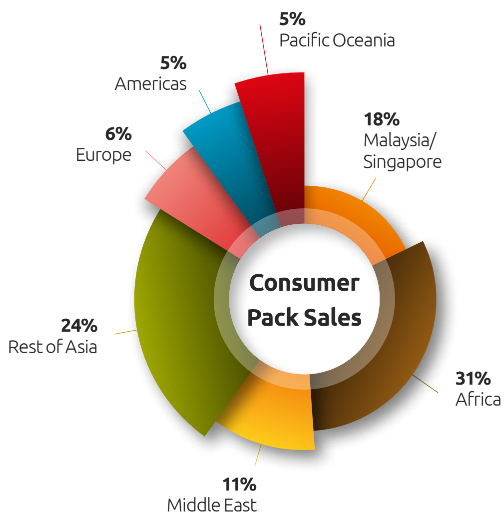
Bulk segment contributed 74.2% of total revenue at US$4,028.4 million and registered an increase of 23.6% from last year. Consumer Pack segment contributed 25.8% of total revenue at US$1,400.1 million and registered an increase of 28.7% from last year.

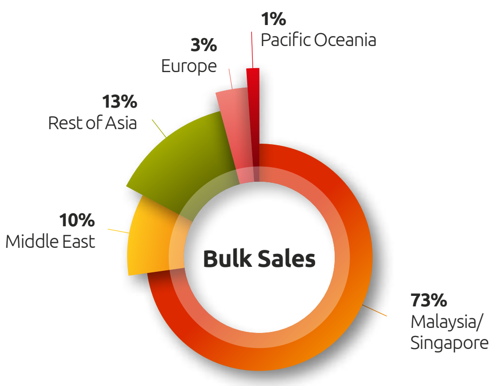
Our sales continue to remain diversified across the globe and in 2022 our products were sold in over 140 countries. A significant 41%* of total sales were made as destination sales to customers in countries other than Malaysia and Singapore. Our destination sales remained diversified with Rest of Asia, Africa, Middle East and Rest of World contributing 16%, 8%, 10%, and 7% of the total destination sales respectively.

For Bulk segment, 27% of total sales were made to destination markets with Rest of Asia, Middle East and Rest of World contributing 13%, 10% and 4% respectively. Destination sales for Consumer Pack segment was at 82% of the total sales. The destination sales for Consumer Pack segment were well diversified with Africa, Rest of Asia, Middle East, Europe and Rest of World contributing 31%, 24%, 11%, 6% and 10% respectively.

GEOGRAPHICAL SPREAD*







* *Based on billing addresses of the customers*

OPERATIONS AND FINANCIAL REVIEW

Operating Margins

The Group has developed a large integrated food and agri-business model over last seven decades by investing across the midstream and downstream segments of the value chain in the attractive vegetable oil industry. Our economies of scale give us inherent operational flexibility. Over these years we have developed sound risk management practices, built depth in our logistics and global distribution abilities and established our own consumer pack brands such as MOI and OKI. All these have helped us deliver robust operating margins during normal industry conditions and resilient margins during tough economic cycles.

Despite all the challenging conditions, the Company has seen tremendous success and delivered third consecutive set of solid annual financial results. The Company attributes this unprecedented level of success to the hard work and commitment of its employees together with the support of its customers, suppliers and all other stakeholders.

The Group measures and tracks the performance in terms of Operating Margin per MT of sales volume and resultant total operating margin (OM). OM is calculated by adjusting the depreciation in cost of sales, selling and distribution expenses, allowance for/(reversal of) expected credit losses and foreign exchange differences in other gains or losses to gross profit.

Total	FY 2021	FY 2022	Change %
Sales volume (MT'000)	4,119	**4,293**	4.2%
OM per MT (US$)	54.6	**70.1**	28.4%
Operating margin (US$'million)	225.1	**300.9**	33.7%

The Group achieved impressive total operating margin of US$300.9 million, an increase of 33.7% compared to last year on the back of a higher operating margin of US$70.1 per MT compared to US$54.6 last year together with 4.2% higher sales volume.

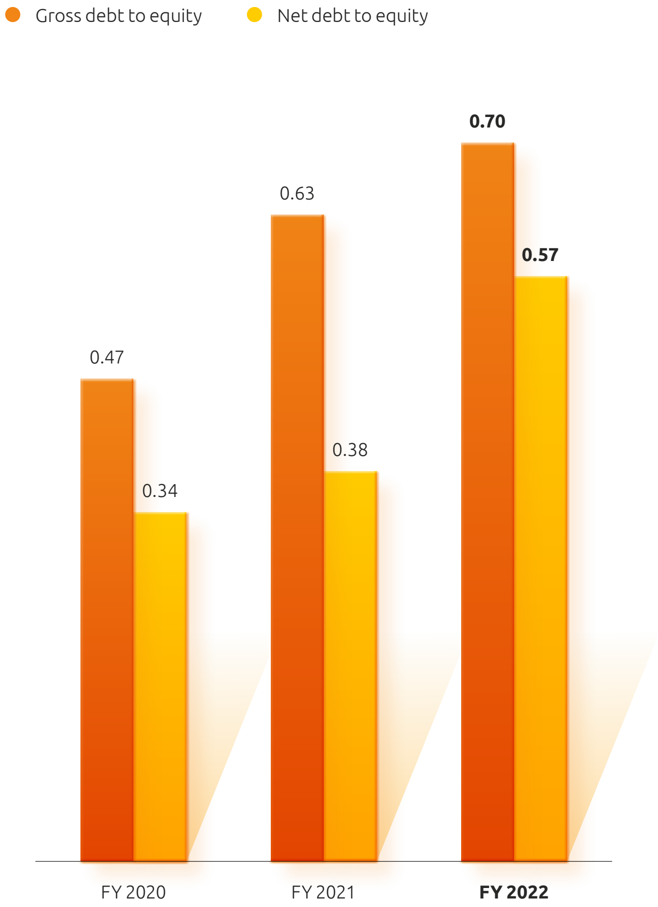
This significant volatility in prices and disruptions in supply chains led customers and suppliers to prefer such processors and supply chain managers who have strong balance sheet, a global footprint and a longstanding record of outstanding customer service. This enabled our Bulk segment to achieve 2.9% increase in sales volume for the year with higher operating margins of US$69.1 per MT for the year. Our Consumer Pack Segment improved its sales volume by an impressive 8.0% and maintained its operating margin at US$72.7 per MT. The high average commodity prices during FY 2022 also resulted in increased working capital deployment for the Group.

Bulk and Consumer Pack segments contributed 71.8% and 28.2% of total operating margin respectively.

Bulk	FY 2021	FY 2022	Change %
Sales volume (MT'000)	3,037	**3,124**	2.9%
OM per MT (US$)	49.5	**69.1**	39.6%
Operating margin (US$'million)	150.4	**215.9**	43.6%

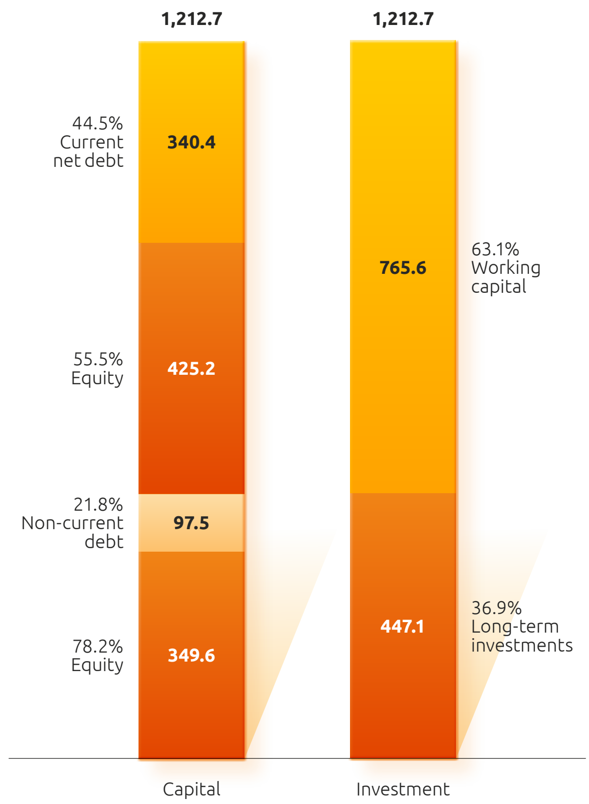
Consumer Pack	FY 2021	FY 2022	Change %
Sales volume (MT'000)	1,082	**1,169**	8.0%
OM per MT (US$)	69.0	**72.7**	5.4%
Operating margin (US$'million)	74.7	**85.0**	13.8%

DEBT TO EQUITY AND NET DEBT TO EQUITY



BALANCE SHEET (US$'MIL)

31 Dec 2022



Strong Balance Sheet

We manage our capital structure very actively by maintaining prudent debt to equity ratio. To fund our long-term investment and working capital, we maintain a healthy combination of (i) equity, (ii) long-term debt and (iii) short-term debt.

As at 31 Dec 2022, we had gross debt to equity ratio of 0.70 and net debt to equity ratio of 0.57. Our low net debt to equity ratio, well below our target limit of 1.5, gives us enough scope to raise more debt to support our growth plans or utilise incremental trade finance due to business requirements.

Our impressive financial performance for the year has further strengthened our Balance Sheet with total equity of US$774.8 million as of 31 Dec 2022. Our long-term investments of US$447.1 million have been very conservatively funded by equity and long-term debt of 78.2% and 21.8% respectively. Working capital of US$765.6 million was only 44.5% funded by current net-debt with the remaining 55.5% funded by equity. The operating cashflows generated in 2022 were utilised largely for working capital purposes. The Board of Directors regularly review the Group's capital structure and our long-term-short-term debt mix to ensure appropriateness in alignment with our long-term objectives.

We continue maintaining adequate working capital credit lines to support our business. As at year end, utilisation of our total such credit lines was at 61.7%.

The Group achieved record operating cash flows before working capital changes of US$207.0 million. The Group's cycle time was moderately high at 57 compared to 51 days in 2021 due to higher trade receivable days.

FORWARD LOOKING STRATEGY

As a global food and agri-business, we have demonstrated the resilience of our business model over the past three years amongst COVID-19 induced global disruptions. Our integrated supply chain, spanning from midstream to downstream in the edible oils and fats business, encompasses large-scale integrated manufacturing facilities spread out across Malaysia, Singapore and Indonesia, as well as global distribution capabilities and a wide range of consumer products. With our strategic presence within this part of the end-to-end value chain, we efficiently satisfy the needs of both our customers and suppliers.

In terms of our global consumer products business, we remain dedicated to expanding our product range, cross-offering specialised applications and customer solutions. We continue to build a strong platform to deliver long-term value by investing in manufacturing facilities within or adjacent to our value chain and adding new products to our portfolio.

We are actively expanding our footprint and strengthening our presence in Indonesia. We acquired a small plantation and milling plant in Indonesia in year 2018, followed by the acquisition of a majority shareholding in a vegetable oil refinery and packing plant in 2021 under a joint venture arrangement. In 2022, we acquired a second milling plant in Indonesia. These acquisitions have enhanced our accessibility to the supply of vegetable oil from Indonesia and have further consolidated our position as an integrated vegetable oils and fats business. We are making steady progress on the construction of our greenfield edible oil refinery in Indonesia.

Our in-house R & D facilities enable us to develop and offer specialised applications and customer solutions for different industries such as food ingredients, infant nutrition, special functional oil, bakery fats and confectionery fats businesses.

Our dairy-based products manufacturing facility in Malaysia has facilitated significant marketing and distribution synergies within our Consumer Pack segment. Our tin-can making facility has minimised the lead times from order to delivery and expanded our flexibility to meet our customers packaging requirements.

Our investment in a bioenergy plant adjacent to our Westport refinery in Malaysia has enabled us to expand our presence in bioenergy sector. We have since doubled

Global Food and Agri-Business

1 Consolidated the position in vegetable oils and fats business

2 Specialised applications & customer solutions

3 Expand range of consumer products

4 Grow bioenergy sector

5 Broaden and deepen marketing and distribution network the capacity of our bioenergy plant and we believe biodiesel will continue to be an important catalyst for the industry.

We market and distribute a range of other FMCG products such as rice, cashew, food premixes and soap to more than 100 countries through a well-established global sales and distribution network, supported by our wide range of brands including our flagship brands OKI and MOI brands. We will continue to explore more consumer products that can be sold as a basket of products to our existing and prospective customers.

We remain continuously focused on our cost savings and sustainability efforts. We had earlier commissioned two gas turbine co-generation plants in our Malaysia refineries that contribute to cost efficiencies and a greener climate. Given the close links between the environment and human health, livelihoods, water and food security, we strive to implement key sustainability efforts, including environmental protection, conservation and sustainable management, at all levels of our operations.

The United Nations predicts that the global population will reach 9.7 billion in 2050 with significant variations in population growth rates among different regions. In the coming years, sub-Saharan Africa is projected to experience the most substantial growth, with its population expected to nearly double from 1.1 billion to 2.1 billion. Meanwhile, South Asia is expected to see a significant increase in population, from 2 billion in 2022 to 2.5 billion in 2050. This growth in population presents a sustainable opportunity for agri-businesses, particularly in the medium to long-term. In the immediate future, we expect macro, geopolitical and climate volatility to continue. However, our Group has demonstrated 3 consecutive years of strong earnings and good cashflow, resulting in a significant increase in our equity base. Our large-scale integrated production facilities in Malaysia, expanding presence in Indonesia, established brands and widespread global supply chain network will enable the Group to continue to drive growth and success.

Our focus on expanding our integrated food and agri-business strategy through demand-driven opportunities remains steadfast and we will continue to explore both organic and inorganic opportunities to achieve this goal. We remain committed to increasing our customer penetration across the globe by maintaining our manufacturing presence in critical geographies, supported by our marketing and distribution subsidiaries across key markets.

RESEARCH & DEVELOPMENT

Consumer's attitudes to life are not static but constantly evolving. Some events like COVID-19, accelerate the change of eating habit. Living with symbiotic life is emerging as a consumer behavior and trends continue to evolve. Therefore, there is a growing demand for customised and differentiated products. By anticipating these changes and listening to our consumers, we can lead the market with healthier and premium quality offering that meet our customers' requirements such as tasty, good for me and good for planet products.

Mewah has passion for innovation to deliver excellent products for the customer satisfaction. We believe, innovation is the key factor to drive growth and build a robust product. Our customer-centric approach emphasis a clear focus on quality, operations, cost effective solution. Our commitment to research and development (R&D) enables to motivate for the innovative research and meet up customers' needs for growth. Our goal is to develop value-added specialised products that offer healthier options, distinctive value, and deliver exceptional quality.

After Pandemic (COVID-19), in line with global health trends, we have developed products such as cocoa butter equivalent and cocoa butter substitutes, chocolate spreads and low saturated filling fat which gave our B2B customers a competitive edge in different markets. Our approach to support and engage with customer helped them better understand the customers' requirements and provide them with customised services. As a result, we saw positive customer experience and improved business outcomes.

At Mewah, we understand that developing our R&D capacity and capability is crucial to support sustainable growth and achieving our long-term strategic goals. We are committed to set industry standards; we have taken significant steps to expand our R&D capabilities in recent years. This includes acquiring new technologies for process and application development, as well as bringing on-board talented individuals with strong industrial expertise. Our focus is on driving innovation that promotes sustainable development and growth, and we always remain dedicated to this mission.

Our R&D department serves as a platform for transforming customer insights into innovative solutions. We are dedicated to creating products that not only satisfies the current market demands but also withstand the dynamic nature of food industry. As a result, Mewah stays ahead of the curve in consumer trends and preferences.

At the heart of our R&D, our highly devoted team consisting of scientists, engineers, and technologists are our most valuable asset. Our team comprises of experts in lipid science, dairy, bakery, frying, confectionary, pre-mix and seasoning, non-food, biodiesel, as well as regulatory, analytical services, applications and sensory. We strongly believe that investing in our employees is essential for achieving success, and we are committed to keep our team motivated, well-trained, and engaged. Developing the next generation of technical leaders is a top priority for us, and we achieve this by providing our staff with a comprehensive experience, personal developmental opportunities, mentoring, and training. Our dedication to continuous training is an integral part of our people development strategy.

Our cutting-edge facilities and advanced equipment enable us to create solutions that are tailored to meet the ever-changing market demands. With the help of our pilot plant, we can develop solutions starting from raw materials to final products, which are then evaluated by our customers.

We have a well-equipped application lab and sensory facility to ensure the quality of our solutions Our solutions undergo rigorous testing using industry-standard food preparation technology and have already been adopted by several customers. Our Application Centre is also staffed by experienced and qualified specialists. We are committed to expanding our range of offerings to cater to diverse consumer requirements across various segments.

At Mewah, we are dedicated to place our customers at the forefront of everything we do. Our steady commitment drives us to provide cost-effective, high-quality solutions through our passion for research and development, product innovations, and exceptional manufacturing practices. Our strong technical relationships empower long-long-term business results for our organisation and our valued customers.

RISK MANAGEMENT

OVERVIEW

Effective risk management is crucial for success of any business. Our Group's risk and control framework is specifically designed to ensure that business objectives are met through the implementation of management controls within daily operations. This approach promotes efficiency, effectiveness, and asset safeguarding while ensuring compliance with legal and regulatory requirements. Our management team is responsible for identifying critical business risks and implementing suitable risk management procedures to mitigate these risks. To reflect changes in market conditions and Group activities, we periodically review and update our risk management and control procedures. The Group takes a balanced approach to risk management, acknowledging that not all risks can be eliminated. In order to maximise returns, we carefully evaluate and select only appropriate risks that are well-considered.

RISK GOVERNANCE STRUCTURE

Our risk management activities are governed by our risk management system that is designed to manage various risks encountered in our operations and minimise the adverse effects from the unpredictability of risks in our operating and financial performance. Our system comprises of processes and policies designed to address risks such as commodity prices, foreign currency exchange rates, counterparty & credit defaults, and interest rates.

The on-going compliance of these risk management processes and policies are carried out by the Heads of the respective operating units, but exposure limits are centrally set and monitored, thus, operating under a global governance framework. Overall responsibility to monitor and assess risk lies with the independent risk function headquartered at our Singapore Corporate office. Head of Risk Management, who reports directly to the Chief Executive Officer is a key member of the Executive Risk Management Team and works proactively with the trading teams to analyse changing market conditions and ensure that hedging strategies are focused on current market dynamics.

The Risk Department reports to the Head of Risk Management and is responsible for identifying, assessing, monitoring, and improving the overall effectiveness of our risk management system, the review and setting of trade positions, and limits to manage our overall risk exposure. The Risk Department monitors and assesses risks on a regular basis and holds periodical meetings with our marketing and operations teams. The Risk Department has the authority to make temporary increases or changes to risk limits, but such increases or changes must always remain within our overall risk management guidelines and framework of the Group. Our flat corporate governance structure with short and direct channels of communication and control enables efficient monitoring and execution.

Where the execution of any activity will result in the breach of any applicable limits in our risk management guidelines and framework, specific approval for that activity must be sought and obtained from the Executive Risk Management Team prior to the execution of the activity. Any risk-related issues which are outside the scope of our risk management guidelines and framework are reported to the Team consisting of our Chairman, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Head of Risk Management (the "Executive Risk Management Team").

KEY RISK EXPOSURES

Some of the key risks our business is primarily exposed to are:

Commodity Price Risk

Commodity prices fluctuate for many reasons, such as changes in resource availability, production cost, demand for competing commodities and substitutes, sovereign policies and regulation, global and regional economic conditions, global and regional weather conditions, natural disasters, and diseases etc., all of which impact global markets and demand for our commodities. Furthermore, changes in such supply and demand conditions impact the expected future prices of each commodity. Our Group is predominantly exposed to volatility in vegetable oil market prices. To ensure consistency in our manufacturing production, we enter forward crude palm oil (**"CPO"**) purchase contracts in addition to maintaining CPO inventories. Similarly, to meet our customer's requirement, we enter into forward sale contracts with them. The sale and purchase commitments for commodities we deal in may not typically match at the end of each business day, resulting in timing differences.

The Group uses derivative instruments, predominantly exchange traded futures for the purpose of managing

RISK MANAGEMENT

exposures associated with commodity prices. The derivative instruments that we use for hedging purposes are intended to reduce the volatility in our operations. While these derivative instruments are subject to fluctuations in value, those fluctuations are generally offset for the hedged exposures by the changes in fair value of the underlying exposures. Despite such hedging, we remain exposed to basis risk. We have established policies that limit the amount of permissible unhedged fixed price commodity positions, which are generally a combination of volumetric and Value-At-Risk (**"VAR"**) limits. However, as our major portion of inventories are valued at cost or net realisable value whichever is lower, no compensating fair value gain get recognised in our reported financial statements for inventories. Our net commodity position consists of our inventory of raw material and finished goods, forward purchase and sale contracts, and associated derivative instruments. The fair value of this position is a summation of the fair values calculated by valuing all our positions at quoted market prices for the period where available or utilising a close proxy. VAR is calculated on the net position and monitored at the 95% confidence interval.

The Group has been consistently working to actively manage and mitigate this inherent risk by systematic diversification of our product portfolio such as by increasing the sales volumes of consumer pack segment and value-added products.

Foreign Exchange Risk

The Group's functional and reporting currency is US Dollars (**"USD"**). Our key origin's exports are denominated in USD. Majority of our expenses and domestic sales are denominated in the respective subsidiary's local currency. The primary currencies we are exposed to directly or indirectly are Malaysian Ringgit, Euro, Singapore Dollar, Indonesian Rupiah, Australian Dollar and Chinese Yuan. For hedging our foreign exchange risk, we enter into currency forwards with reputed financial institutions along with structuring natural hedge to the extent possible. As our consolidated financial statements are prepared in USD, this requires many of our subsidiaries financial statements to be translated from their respective local currency to the Group's reporting currency USD. The fluctuations in the currency exchange rates due to this translation process also leads to foreign exchange gains or losses recognised in our reported financial statements.

Counterparty and Credit Risk

We are subject to counterparty and credit risks that arise through our sale contracts and purchase transactions. The Group actively monitors credit and counterparty risks through regular reviews of exposures and credit analysis by the Risk Department and Treasury team. The limits are approved by the Risk Department after due analysis of the party and with consideration of Group's risk appetite as well as the size of relevant transactions in comparison to Group's Balance Sheet. While fixing credit limit for a customer, besides considering their financial position and operating history, we also perform a market background check. As a practice, we do not grant open credit to new customers. Existing credit limits are periodically reviewed after considering their payment records, transaction sizes, and the lengths of our relationship, besides prevailing market conditions. The operating teams take their compliance obligations regarding international sanctions extremely seriously with support from the Controller, Legal and Treasury Departments.

Interest rate Risk

Predominantly our borrowings are from short-term trade finance banking facilities. These are used to fund our operations. Our marketers typically factor-in the interest expenses arising from the cash conversion cycle into their selling price and recover it from the customers. Therefore, movements in short-term facilities do not significantly impact our margins. We also borrow term loans from Banks. Such term loans are taken for funding our long-term investments and are managed through our overall liquidity and capital management strategy.

SETTING OF RISK LIMITS

The Executive Risk Management Team establishes and reviews periodically our overall risk tolerance thresholds, measured in terms of VAR, a statistical risk measure. The team is responsible for overall systems, procedures and processes for risk management. Such risk tolerance threshold is based on a percentage of total shareholders' funds after taking into account, among other things, the Executive Risk Management Team's view on the overall production capacity of refining and processing operations, the market in which trading activities take place, the price (and price trend) of raw materials, track record of management in managing its risk exposures in the prior period and financial budgets including projected sales volume and

Audit Committee

- Chaired by Audit Committee Chairman
- Review overall risk management guidelines/ frameworks/ policies and systems
- Review/ recommend and approve risk limits

Internal Audit

- Headed by the Group's Head of Internal Audit
- Assess risks and controls for operations continuity, health & safety, cybersecurity & IT, stocks and quality, and monitoring overall compliance to the systems and procedures implemented in the Group
- Submit report to the Audit Committee with actions plans to strengthen control

Executive Risk Management Team

- Comprises Chairman, CEO, COO, CFO & Head of Risk Management
- Monitor and improve overall risk management system
- Ensure compliance with trading policies and limits

Risk Department

- Monitor respective risks
- Ensure compliance with trading policies and limits

turnover. The risk tolerance threshold is also based on the counterparty's background, financial performance, and management team. The risk tolerance threshold refers to the maximum potential loss if all trading and operations across all products and geographical regions materialise at the same time. Such threshold limits are approved by our Board Audit Committee who also periodically reviews and discusses the historical actuals thereagainst.

REPORTING AND REVIEWING STRUCTURE

Our Risk Department is responsible for the capture and measurement of Group-wide risk and ensuring compliance with our risk management system, procedures and processes. The Risk Department analyses and reviews our risk exposure with oversight from the Executive Risk Management Team. With respect to risks related to the use of derivative financial instruments, once limits for derivatives positions have been established by our Executive Risk Management Team, our Risk Department monitors our trading activities to ensure compliance within these limits.

On a case-by-case basis, the Risk Department may recommend to the Executive Risk Management Team for amending established limits. If approved by the Executive Risk Management Team, the revised limits are implemented and monitored by the Risk Department. If the revised limits exceed the Audit Committee approved thresholds, then such revised limits will be effective only with due approval from the Audit Committee. Any breach (whether of trading limits or non-adherence to established policies), disclosed or revealed by the Risk Department will be acted upon by the Executive Risk Management Team. Where the Executive Risk Management Team considers the breach to be significant (whether in terms of financial impact or otherwise), the Executive Risk Management Team will report it to the Audit Committee.

Our Internal Audit Department supports in assessing risks and controls for the areas such as operations continuity, health and safety, cybersecurity and IT, stocks and quality, and in monitoring overall compliance to the systems and procedures implemented in the Group. Results of these activities are reported to the Audit Committee by the Group's Head of Internal Audit, accompanied by action plans to strengthen control and further mitigate risks wherever required. Our Audit Committee regularly reviews our internal control systems, internal audit reports, and risk tolerance threshold limits including meeting our Internal and external auditors without the presence of the management.

Creating Good Value. Empowering Better Future.

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY

TRANSFORMATION TOWARDS A SUSTAINABLE FUTURE

Over the recent years, the world has witnessed a series of unprecedented events of global health crisis and geopolitical instability. In this tumultuous period, Mewah's Sustainability Management and Governance Structure has assisted Mewah to move beyond the disruptions and overcome hardships and obstacles. We recognise the urgency to invest further to elevate our business operations to protect and steward environmental protection, value our people, and to provide sustainable and high-quality products to the consumers.

We have recommenced our initiatives towards decarbonisation, which involve a transition from fossil fuels and into renewable and clean fuels such as biomass, solar energy and natural gas. In addition, we initiated the monitoring of our scope 3 GHG emissions inventory to address our carbon footprint and facilitate our progress in achieving decarbonisation goals. To enhance our sustainability performance, we have established a Strategic Sustainability Committee, comprising of senior leaders from our different business units and manufacturing facilities. This committee operates under the guidance of the Chief Executive Officer and is responsible for overseeing the sustainability strategy and performance of the business.

In November 2022, we were proud to be presented with the "Sustainability Rising Star 2022" award from Asia Corporate Excellence & Sustainability Awards (ACES). This recognition was bestowed upon us for our exceptional sustainability performance in pioneering ESG initiatives to address sustainability challenges.

Sustainability is at the core of our business at Mewah, and it is ingrained in everything we do. Our value proposition revolves around building a sustainable business and we remain committed to achieving sustainable and enduring business growth. We aim to lead and drive positive change for our marketplace and for our customers, employees, global communities we operate in, and the environment, as we continue to prioritise sustainability in all aspects of our operations.

In order to maintaining our track record of success and delivering sustainable returns to our shareholders, we are committed to support and contribute towards the 17 United Nations Sustainable Development Goals (SDGs). These SDGs are closely integrated and aligned with our material ESG factors, which have been identified and defined in the Mewah Sustainability Framework. We firmly believe that these 17 SDGs targets can strengthen our commitment towards the 27 core ESG metrics set out by SGX and can also enable us to better measure our risks and opportunities, as well as enhance our future returns.

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY

Our sustainability strategy in Mewah's Sustainability Framework focuses on five (5) key focus areas:

FOCUS AREA 1: ENVIRONMENTAL PROTECTION & STEWARDSHIP

At Mewah, we have always placed great importance on environmental management as we strive to increase productivity while implementing sustainability practices for the long term. Througout the years, we have launched and successfully executed numerous sustainability initiatives with the goal of minimising our manufacturing footprint. We proritise forest conservation and biodiversity preservation at an upstream level to minimise any negative impact on the environment.

Our commitment to environmental sustainability supports the United Nations Sustainable Development Goals 6, 7, 11 and 13, which aim to promote sustainable use of energy, combat climate change and its impacts, and build sustainable communities. We foster collaboration across our supply chain to reduce our climate impact associated with our raw material processing to product delivery to our customers.

6 CLEAN WATER AND SANITATION

Our Key Sustainability Efforts:
Urgent actions are needed to combat climate change and its impacts. At Mewah, we implement rigorous monitoring procedures across all aspect of our operations, including GHG emission, efficient use of water, waste generation, fire, and peat management. These measures are in place to minimise any negative environmental impacts that could harm both the planet and people health.

7 AFFORDABLE AND CLEAN ENERGY

Our Key Sustainability Efforts:
During the pandemic, the COVID-19 has posed a greater risk of exposure to populations residing in rural areas primarily due to inadequate sanitation facilities. We understand the crucial role that we play in addressing this issue and have taken steps to invest in public infrastructure. Our aim is to promote inclusivity, safety, and resilience in the communities surrounding us.

Our Key Sustainability Efforts:

As part of our commitment to promoting clean energy sources and reducing greenhouse gas emission, we have implemented renewable energy resources in our key refineries. By incorporating these measures, we aim to improve the utilisation of renewable energy sources while minimising our carbon footprint.

Our Key Sustainability Efforts:

Urgent actions are needed to combat climate change and its impacts. At Mewah, we recognise the gravity of this issue and have implemented rigorous monitoring procedures across all aspect of our operations, including GHG emission, water efficiency , waste generation, fire, and peat management. These measures are in place to mitigate any harmful environment impacts that may jeopardise the health of planet and its inhabitants.

Our focus consists of six (6) types of environmental footprints:

A. Carbon Management

Despite our continued business expansion, we are mindful of the GHG emissions from our operations. To achieve this goal, we are implementing renewable energies and energy-efficient projects. Our GHG emissions from our production activity are calculated using the ISCC methodology and RSPO PALM GHG Calculator.

B. Water Management

Access to clean and reliable water is essential for both our operations and the surrounding communities. In Mewah, we conduct integrated water footprint assessment at our facilities. This is our sustainability initiative and business strategy to monitor and measure how, when and where we use the freshwater resources.

C. Waste Management

As a responsible manufacturer, we always look for ways to manage our waste from production or processing, through ways such as reduction or recycling in an environmental-friendly manner. Our 5Rs action plan to ensure sustainable waste management is as follow:

i. Refuse – Refuse to receive unnecessary materials will help to eliminate waste from the very beginning. It is simply about saying no and looking into reusable alternatives.

ii. Reduce – Focus to improve efficiency. To establish practices that are capable to reduce the amount of waste we generate to help the environment.

iii. Reuse – Practice to reuse materials without change whether for the original or a different application instead of throwing them away or pass those unused materials on to others who could use them.

iv. Recover – To set up ways to recover the energy values contained within the waste material.

v. Recycle – Many of the things we use every day can be recycled. Recycled items are put through a process that makes it possible to create new products out of the materials from the old ones.

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY

D. Biodiversity Management

Biodiversity conservation and forest protection have been a major focus of our environmental efforts in our estate. Under Mewah's High Carbon Stock (HCS) and High Conservation Value (HCV) commitments, we focus on maintaining and restoring riparian buffer zones throughout all our operations in recognition of its importance in our ecosystem. We also identified and conserved lands made up of HCV and HCS areas using a landscape approach to conservation (beyond the boundaries of our concession) through community conservation partnership with external partners.

E. Fire Management

To ensure the safety and security of all employees, we maintain, and enforce a high level of fire safety at all of our operation sites. This includes regular fire safety awareness trainings to ensure all employees have refreshed safety awareness knowledge on safety rules and fire-fighting procedures. Additionally, we host an annual Health, Safety and Environment (HSE) campaign program to identify workplace hazards, reduce accidents, and to train our employees to respond effectively in emergency situation, including the use of personal protective equipment.

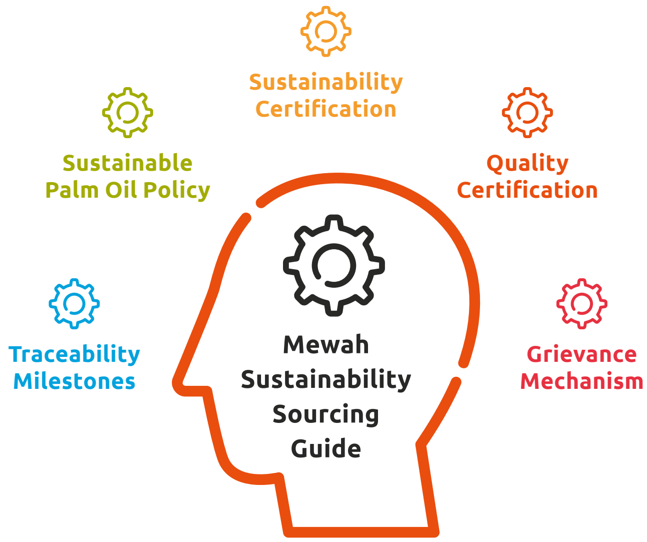
In addition, we have an effective fire prevention plan and control measure in place at our plantation operations. We are committed to replanting using environmentally conscious methods while also adhering to the ASEAN Zero Burning Policy where the traditional slash-and-burn method is strictly prohibited and is replaced with chipping.

F. Pest Management

Our plantation operations practise Integrated Pest Management (IPM) as form of pest control. Implementation of IPM through combinations of cultural, biological, mechanical, and physical controls, improve the pest management within the plantation. All chemical usages in our plantation are abided to proper SOPs and management plan in accordance with WHO recommendations and guidelines.

FOCUS AREA 2: RESPONSIBLE SUPPLY CHAIN

We take pride in being a responsible and accountable participant in the supply chain, through our actions of sourcing policies, traceability, certification, supplier engagement and grievance mechanism.



A. Sustainability Policies

We established a Sustainable Palm Oil Policy and a sustainable coconut oil policy with sustainability commitments entailed in the company's entire palm oil and coconut oil supply chain.

Mewah's Sustainable Palm Oil Policy is a multistakeholder approach which seeks:

1. To build a traceable and transparent supply chain.
2. To continue the journey of no deforestation and to commit no burning, protection of high conservation value (HCV) areas and high carbon stock (HCS) areas.
3. To reject new oil palm development in forested peatland plantation after 31 December 2015.
4. To respect human rights and ensure protection of the rights of all workers.
5. To respect the rights of indigenous people and local communities to give or withhold Free, Prior, and Informed Consent (FPIC) where oil palm development takes place.

Mewah's sustainable coconut oil supply chain commitments are:

1. Improving smallholder livelihood and income.
2. Improving productivity.
3. Enhancing supply chain traceability.
4. Reducing deforestation and encroachment.
5. Respect the rights of indigenous people and local communities to give or withhold FPIC where coconut plantation development takes place.
6. Respect human rights and to ensure the protection of the rights of all workers.

A total of 43 participants from 12 companies, comprises of refineries, crusher, and palm oil mills have participated the workshop. The workshop covered topics on National and International Law & Standards and Introduction to the Human Right Due Diligence (HRDD) Tool on Ethical Recruitment.

B. Towards Full Traceability

We actively trace our raw materials supply flow from refineries back to the palm oil sources in order to map our supply base, evaluate suppliers' performance against our Sustainable Palm Oil Policy and to initiate engagement with our suppliers to make improvements whenever is needed.

i. Traceable to Mill (TTM) Approach

100% of our CPO and CPKO are Traceable to Mill (TTM). The definition of "traceable to mill" refer to the fulfilment of our 5 key traceability criterias:

1. Parent Company Name of Mill Party
2. Mill Name
3. Mill Address
4. GPS coordinates of Mill Party
5. Volume of CPO received into our refinery

All our suppliers must fulfil these five (5) conditions as the fundamental entry requirement into our supply chain.

ii. Traceable to Plantation (TTP) Approach

In Mewah's Traceability to Plantation (TTP) approach, a comprehensive field assessment will be carried out at every supplier's mill to assess its Fresh Fruit Bunch (FFB) supply base and to evaluate its compliance with Mewah's Sustainable Palm Oil Policy using our pre-defined supplier assessment guidelines. TTP assessment is both an educational tool as well as a "bridge" for Mewah to support the transformation of our suppliers. The primary objective of our TTP initiative is to lift the sustainability standards of all our suppliers. Our current approach on traceability to plantations is based on the availability and validity of Malaysia Palm Oil Board (MPOB) operating license from FFB suppliers and ensuring that all the FFB supplied to the mills are sourced legally.

C. Stakeholder Engagement

Effective engagement enhances our communication with our stakeholders to advance in our sustainability journey. Our suppliers are our major stakeholders in our business, and we believe supplier engagement is beyond the traceability exercise. The main objective of supplier engagement is to create awareness to our suppliers on responsible palm oil practices and to build up their capacity in adopting sustainability practices into their businesses. Through these engagement sessions, we are also able to socialise our Sustainable Palm Oil Policy with our direct suppliers and provide them with a platform to discuss the requirements, implications and business potential for adopting other similar policies.

D. Grievance Mechanism

The grievance mechanism serves as a communication platform for stakeholders (e.g. non-profit organisation, buyer) in our supply chain to address their concern or to file a complaint related to violation of our Sustainable Palm Oil Policy. Our sustainability dashboard clearly defines the process of handling such grievances cases, as well as publishing our response and updates to these grievances.

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY

FOCUS AREA 3: PRODUCT QUALITY & SAFETY

Mewah's reputation is founded on satisfying our consumers and customers with consistently high product quality that exceeds their needs and expectations. We aim to develop, produce, and market a consistently high product quality that also comply with the relevant food safety regulatory requirements and certification standards.

A. Our Commitment to Customers

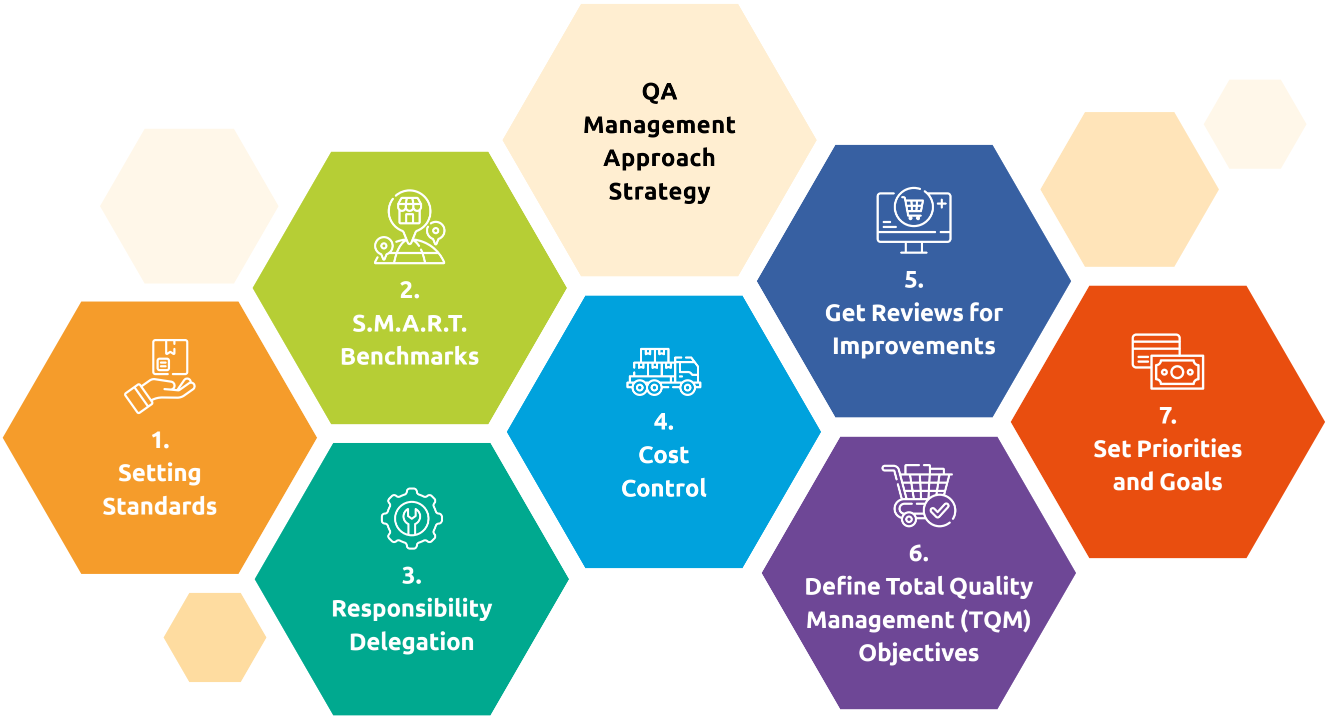
We have adopted several good initiatives in ensuring our product is high quality and our food products are safe.

i. Quality assurance a group-wide objective
ii. Implementing a HACCP (Hazard Analysis and Critical Control Points) system to identify potential hazards and critical control points in our production processes and sets up preventive measures to eliminate these risks
iii. Conducting regular food safety and quality training for our employees and the knowledge and skills to identify and manage potential risks
iv. Establishing and enforcing a supplier quality program to ensure that raw materials and ingredients used in production meet the required quality and safety standards
v. Creating and maintaining a clean and hygienic production environment

B. Quality Management System

In all our manufacturing sites, we put in place a robust Quality Management System for continuous improvement in the areas of operations, processes, workforce, raw material sourcing, efficient transportation and delivery, prompt and responsive customer service, compliance to laws and regulations and a safe work environment.

i. Quality Management System Framework - the guiding principle that focus to benchmark best practices across different manufacturing sites and supports the capacity building of our people who are responsible for product development and innovation strategies.



ii. Quality Management Approach Strategy - setting priorities and goals to enable continuous development in our quality assurance functions.

iii. QA Newsletter – A communication tool is to promote transparency, collaboration, and continuous improvement within Mewah's quality assurance processes.

iv. Customer Experience – A standard operating procedure that outlines the process for initiating, receiving, resolving, and maintaining the feedbacks and customer complaints regarding the quality or service of Mewah.

C. Consumer Health & Well-being

We collaborated with Singapore Health Promotion Board (HPB) to create healthier cooking oil that contains lower saturated fats, and Mewah's cooking oil is tagged with a healthier choice symbol approved by HPB which can be found in all major supermarkets.

D. Quality & Sustainability Certifications

Certification marks the evidence that a product conforms to applicable quality and certification standards, and that factory operations undergo regular inspections and audits. These certifications assure our consumers and customers that our product is high in quality, safe and sustainable.

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY

FOCUS AREA 4: VALUING OUR PEOPLE

Mewah recognises that our employees are the company's greatest asset in growing the business and achieving company goals. Our approach is to attract, develop, and retain the best employee, providing them with encouragement and stimulus, and making them feel that they are an integral part of the company's mission.

A. Human Rights & Labour Policy

Mewah's Human Rights and Labour Policy and Code of Ethics are the reference documents that define our employment policies, guide our actions, and align the Group's ethical principles to the daily professional life of our employees and contractors.

Mewah Group Human Rights & Labour Policy

1. No Forced Labour and Free Choice of Employment

- No forced, bonded (including debt bondage) or indentured labour and slave labour, or human trafficking.
- Ethical recruitment.

2. Non-Discrimination in Employment

- No discrimination against our employees based on race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status.
- Any employment-related decisions must be based solely on lawful and non-discriminatory criteria.

3. Non-Exploitation of Child Labor and Protection of Children Rights

- No hiring of child labour under any circumstances.
- Protection of children's right and their welfare.
- No working at night or exposure to hazards for young employee between ages of 16-18.

4. Freedom of Association and Collective Bargaining

- Respect our employees' rights to form, join or not to join a trade/ labour union.

5. Compliance of Laws & Regulations in Working Hours, Benefits and Wages

- We commit to adhere to the stricter of applicable laws & regulations, industry standards, relating minimum wages, working hours, overtime, and employee benefits.
- Provide a safe and healthy workplace.
- Continuously developing employee skills and capabilities and providing opportunities for career advancement.

6. Human Treatment and Uphold Gender Equality

- Protect our employees from any acts of physical, verbal, sexual or psychological harassment, bulling, abuse or threats in the workplace.
- form of threat and inhuman treatment including
  - Discrimination, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of our employee.

B. Talent Management

We continuously assess, invest, develop, and strengthen our human capital in order to ensure that we have the right competencies, capabilities, and passion to drive our mission and to actualise our vision through training & development. In 2022, the average training hours per employee was 29.6 hours.

OUR PERFORMANCE IN YEAR 2022

Average training hours per employee

29.6

hours in 2022

The figure is based on the total full-time employees where the Group has major shareholdings only, subject to operational boundary set/ scope of report.

C. Employee Health, Safety & Well-being

Workplace safety is everybody's responsibility and concern, and any work-related injury or loss of life is unacceptable to us because we have zero tolerance for unsafe behaviour in our premises. Our promise to our employees is for them to return home healthy and safe everyday and to feel safe at work.

OUR PERFORMANCE IN YEAR 2022

ZERO

Fatality

ZERO

Recordable Work – Related ill Health cases

65

Recordable Work – Related Injuries

Lost – Time Injury Rate (LTIR) was

1.80

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY

FOCUS AREA 5: COMMUNITY SUPPORT

Our Commitment and Progress:

Our Key Sustainability Efforts:
As part of our commitment to combat hunger and food waste in the communities surrounding our operations, we have implemented community support programmes to instil good habits to reduce food waste. By preventing food waste, we take an important step towards ending hunger.

For instance, our Pasir Gudang refinery is partners with local authority with local authority to recycle food waste from our factory by compositing food waste scraps into organic soil nutrients.

Our Key Sustainability Efforts:
Education is an essential catalyst for positive change in society. We support local schools with educational materials as well as provide free tuition for children from underprivileged families. We are endeavoured to do our best to enable all children in our communities for an opportunity to access to mainstream education.

Our Key Sustainability Efforts:
The Global Goals can only be met if we work together. Over the years, we built effective partnership with a number of local non-profit organisations so as to enable us to reach out more people in need and extend greater impact to the societies.

At Mewah, we hold strong to our community objectives in our CSR framework to proactively engage with the communities in which we operate in to maintain the positive relationship with our local communities. We are committed to caring for and serving our community by giving a helping hand to disaster victims, nurturing the next generation and active volunteerism. Our priority is to enrich the lives of the people around the touchpoints that we have established.

Our CSR achievement this year was aiding approximately 32,000 people through monetary and in-kind assistance, to help transform the livelihoods of our neighbouring communities by making them into more comfortable and better places to live in.

<u>Our CSR framework comprises three community objectives:</u>

A. Supporting our next generation
We believe that every child deserves a chance at a life filled with love, laughter, friends, and family, and our work focuses on improving access to an inclusive and high-quality education.

B. Active volunteerism of our employees

We believe that everyone can contribute and make a difference to the community and lives of others. In this regard, we motivate our employees to volunteer in giving back to the community.

C. Disaster relief

We engage in providing assistance to mitigate the hardship experienced by disaster victims, such as those affected by fires and floods through initiatives such as food and necessity donation drives, as well as fundraising efforts.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Dr Cheo Tong Choon @ Lee Tong Choon (Chairman)
Ms Michelle Cheo Hui Ning
Ms Bianca Cheo Hui Hsin
Dr Foo Say Mui (Bill) (Lead Independent Director)
Mr Robert Loke Tan Cheng
Datuk Dr Fawzia Binti Abdullah
Tan Sri Dato' A Ghani Bin Othman

AUDIT COMMITTEE
Mr Robert Loke Tan Cheng (Chairman)
Datuk Dr Fawzia Binti Abdullah
Tan Sri Dato' A Ghani Bin Othman

NOMINATING COMMITTEE
Dr Foo Say Mui (Bill) (Chairman)
Mr Robert Loke Tan Cheng
Dr Cheo Tong Choon @ Lee Tong Choon
Datuk Dr Fawzia Binti Abdullah

REMUNERATION COMMITTEE
Dr Foo Say Mui (Bill) (Chairman)
Mr Robert Loke Tan Cheng
Tan Sri Dato' A Ghani Bin Othman

SENIOR MANAGEMENT
Dr. Cheo Tong Choon @ Lee Tong Choon
Ms. Michelle Cheo Hui Ning
Ms. Bianca Cheo Hui Hsin
Mr. Rajesh Shroff
Mr. Shyam Kumbhat
Mr. Cheo Jian Jia
Ms. Wong Lai Wan
Ms. Agnes Lim Siew Choo
Mr. Anil Dashrath Ingrole

COMPANY SECRETARY
Mr. Abdul Jabbar Bin Karam Din, LLB

COMPANY REGISTRATION NUMBER
CR-166055

REGISTERED OFFICE
Harbour Place, 2nd Floor
103 South Church Street
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Grand Cayman, KY1-1106
Cayman Islands

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#05-00 Mewah Building
Singapore 609914

CAYMAN ISLANDS SHARE REGISTRAR
International Corporation Services Ltd.
Harbour Place, 2nd Floor
103 South Church Street
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Grand Cayman, KY1-1106
Cayman Islands

SINGAPORE SHARE REGISTRAR AGENT
Boardroom Corporate & Advisory Services Pte Ltd
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Singapore 098632

AUDITORS
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7 Straits View, Marina One
East Tower, Level 12
Singapore 018936
Partner-in-charge: Ms. Rebekah Khan
(Effective from the financial year ended 31 December 2020)

Investor Relations
Email: Ir@mewahgroup.com

Sustainability
Email: groupsustainability@mewahgroup.com

CORPORATE GOVERNANCE

Introduction

Mewah lnternational Inc. (**"Mewah"**) or the (**"Company"**) was listed on 24 November 2010 on the Mainboard of the Singapore Exchange Securities Trading Limited (the **"SGX-ST'**).

Mewah has adopted the Code of Corporate Governance 2018 (the **"Code"**) issued by the Monetary Authority of Singapore as the benchmark for its corporate governance policies and practices. Mewah is pleased to report that the Company has complied, in all materials aspects, with the principles and provisions set out in the Code. Appropriate reasons have been disclosed for any deviations from any principles and/or provisions.

Mewah's Values

The Board of Directors (the **"Board"**) of Mewah considers good corporate governance as a fundamental part of its responsibilities to protect and enhance stakeholder value whilst pursuing sustainable growth in the financial performance of the Company and its subsidiaries (the **"Group"**).

Mewah is committed to upholding and maintaining high standards of corporate governance to promote corporate transparency and to enhance stakeholder value. Toward this, Mewah has put in place policies and processes to enhance corporate performance, accountability, and sustainability.

The Board works with the management to ensure that these values underpin its leadership of the Company and guides the management and employees at all levels of the organisation in their respective roles within the Group.

In 2022, the Company was accepted by SGX Fast Track, which recognised the efforts and achievements of listed issuers which have upheld high standards of corporate governance and maintained a good compliance track record.

Corporate Governance Framework

CORPORATE GOVERNANCE

I. BOARD MATTERS

THE BOARD'S CONDUCT OF ITS AFFAIRS

PRINCIPLE 1

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provision 1.1

Board Responsibility

Mewah is headed by an effective and experienced Board that works closely with the management for the long-term success of the Group. The Board is collectively responsible for providing entrepreneurial leadership, setting strategic objectives and constantly seeking protection to the stakeholder value and enhancing the returns of the Group. Through the Board's leadership, the Group's businesses are expected to achieve sustainable and successful performance over the tong-term and is resilient in the face of the demands of a dynamic, fast-changing environment.

During FY2022, similar to previous financial year, besides carrying out its statutory responsibilities, the Board also performed the following roles:

l. Providing entrepreneurial leadership and guidance, setting strategic directions and long-term goals of the Group to ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
2. Guide the formulation of the Group's overall long-term strategic plans and performance objective;
3. Ensuring that appropriate and adequate systems of internal control and risk management processes are in place and establish a framework of prudent and effective controls which enable risks to be assessed and managed effectively;
4. Review and approve the Group's strategic and business plans including major funding proposals;
5. Monitor the performance of the Group against plans and goals;
6. Consider sustainability issue, and in particular environmental and social factors in the formulation of business strategies and corporate policies of the Group; and
7. Monitor and ensure compliance with such laws and regulations as may be relevant to the business.

The Board has put in place clear written terms of reference for all directors, which outline their duties and authorities with appropriate tone-from-the-top setting out the desired organisational culture to accomplish a shared goal. The Nominating Committee will also send newly appointed directors the latest available version of Directors' Toolkit issued by the Singapore lnstitute of Director to ensure proper accountability within the Group.

Whilst providing leadership and strategic direction, the Board gives due recognition to the expectations of different stakeholders such as shareholders, lenders, employees, government agencies, suppliers, customers, competitors, business partners, and service providers. The Board is responsible for ensuring that the direction set is aligned to the Group's established values and standards, and due weightage is given to sustainability. lt is also responsible for reviewing the management performance on a regular and continual basis.

CORPORATE GOVERNANCE

Conflict of Interest

If any directors have personal interest in a decision being made by the Board, they will recuse themselves from deliberations and abstain from voting in relation to any such resolution relating to such matter.

Provision 1.2

Board Orientation, Induction and Training

Directors are provided with opportunities to undergo relevant trainings and to continually improve the Board and Board Committees' performance. The directors will attend to conferences, seminars or any training programmes in connection with their duties as Directors at the expense of the Company.

Newly appointed director will receive from the Nominating Committee (**"NC"**), the latest available version of Directors' Toolkit issued by the Singapore lnstitute of Director to ensure proper accountability within the Group.

The Group will also conduct an orientation programme for new directors to familiarise themselves with the business activities of the Group, its strategic direction, and corporate governance practices. The evaluation of the new director's past directorship, qualification, experience, and expertise by NC will ascertain the necessity of the prescribed training. For a new director without prior experience in listed companies, the Group will arrange him/ her to undergo a prescribed training programmed conducted by the Singapore Institute of Directors and such arrangement will be made within one year from the date of his/ her appointment to the Board in accordance with SGX-ST listing Rule 210 (5) and Practice Note 4D respectively.

The Board as a whole is kept up to date from time to time on pertinent business development, including the key changes in the relevant regulatory requirements and financial reporting standards, corporate governance, sustainability issues, industry specific knowledge business initiatives, and challenges on matters relating to the Group and its businesses to enable directors to properly discharge their duties as Board or Board Committee members. The Group also holds meetings for Business Plan discussion at least twice a year for the Board to review the Group's future plans and proposals for new business opportunities.

New releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority ("ACRA") and news articles which are relevant to the Group were circulated to all the directors. Annually, the Group will arrange for external auditors to update all directors on new and revised financial reporting standards when applicable to the Group. Directors are given regular trainings and updates on specific matters relevant to the Group and its businesses to ensure they carry out their role effectively.

To facilitate ongoing knowledge enhancement for existing directors, the following orientations and trainings were provided during the year to different Directors:

- Updates on SGX Sustainability Reporting on Climate and Board Diversity;
- The Path to Net Zero;
- Human Capital Leadership Institute's Singapore Business Leaders Programme (SBLP);
- Reconstructing The Future;
- London Business School: Entrepreneur 3.0 Programme 2022 Leadership Retreat;
- Virtual Masterclass with INSEAD;

CORPORATE GOVERNANCE

In addition, all the Board members had completed the mandated and SGX recognised sustainability training course organised by the Singapore Institute of Director as required by the enhanced SGX sustainability reporting rules announced in December 2021.

Provision 1.3

Matters requiring the Board's decision and approval

The Board sets the strategic direction for the management, and the management handles the day-to-day operational decisions. The Group has adopted internal guidelines governing matters that required the Board's approval which has been clearly communicated to the Management. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those prescribed limits to Board Committees and the key management. This delegation of authority matrix have been reviewed by the Board on annual basis and accordingly will be revised when necessary.

The following matters of strategic importance have been reserved for the Board's decision:

- Group's strategy and business plans of the Group;
- Capital expenditure, investments and divestments exceeding certain material limits;
- All capital-related matters including increase, decrease, or re-organisation;
- Dividend policy and dividend payments;
- Risk strategy, internal controls, and risk limit strategies and execution;
- Approval of credit limits and trade terms with related parties;
- Adoption of lnterested Persons Transaction Mandate and Share Purchase Mandate;
- Annual and half-yearly results announcements;
- Annual reports;
- Sustainability reports;
- Appointment of directors and key management personnel;
- Succession planning for directors and key management personnel; and
- Any other matters as prescribed under the relevant legislations and regulations, as well as the provisions of the Company's Memorandum and Articles of Association.

Provision 1.4

Delegation by the Board

To assist the Board in the execution of its duties and to optimise operational efficiency, the Board has delegated specific functions to the Board Committees, namely Audit Committee (**"AC"**), Remuneration Committee (**"RC"**) and Nominating Committeee (**"NC"**). Each of the Board Committees are formed with clear written terms of reference setting out their compositions, authorities, duties and procedures governing the manner in which it is to operate and how decisions are to be taken. These terms of reference are reviewed on an annual basis or from time to time when it is necessary, along with the committee structures and membership to ensure their continued relevance, taking into consideration the changes in the governance and regulatory environment. Any amendment to the terms of reference for any Board Committee requires the approval of the Board.

CORPORATE GOVERNANCE

Further information on the Board Committees is set out in the respective sections concerning Board Committees in this Annual Report.

Composition of Board and Board Committees:

Name	Board	Audit Committee	Nominating Committee	Remuneration Committee
EXECUTIVE DIRECTORS				
Dr Cheo Tong Choon @ Lee Tong Choon	Chairman	-	Member	-
Ms Michelle Cheo Hui Ning	Member	-	-	-
Ms Bianca Cheo Hui Hsin	Member	-	-	-
INDEPENDENT DIRECTORS				
Dr Foo Say Mui (Bill)	Lead Independent	-	Chairman	Chairman
Mr Robert Loke Tan Cheng	Member	Chairman	Member	Member
Datuk Dr Fawzia Binti Abdullah	Member	Member	Member	-
Tan Sri Dato' A Ghani Bin Othman	Member	Member	-	Member

Provision 1.5

Board Meeting and Attendance

After the amendments in Rule 705 of the Listing Manual of the Singapore Exchange Securities Trading Limited made effective from 7 February 2020, the Group is no longer required to release its unaudited financial statements on a quarterly basis. However, the Board continued to have its periodical Board of Directors' meetings as per its existing practice to convene scheduled meetings on a quarterly basis to review the Group's operations and to ensure effective discharge of their responsibilities. The Board Meetings to approve the half yearly financial results are held within 45 days after the end of the first half of the financial year, and not later than 60 days after the end of the financial year for the full year financial results. Ad hoc meetings will be convened between the scheduled meetings as and when necessary to attend to any pressing matters requiring the Board's consideration and decision. Under the Company's Memorandum and Articles of Association, directors who are unable to attend any meeting in person may participate via teleconference or video conference. Decisions of the Board and Board Committees may also be obtained via circular resolutions.

CORPORATE GOVERNANCE

ln 2022. all Board and committees' meetings were conducted via video conference. The Directors' attendance at the Board, and Board Committees meetings during the financial year ended 31 December 2022 is set out as follows:

Name	AGM	Board Meeting	Audit Committee Meeting	Nominating Committee Meeting	Remuneration Committee Meeting
EXECUTIVE DIRECTORS					
Dr Cheo Tong Choon @ Lee Tong Choon	1/1	4/4	4/4*	2/2	2/2*
Ms Michelle Cheo Hui Ning	1/1	4/4	4/4*	2/2*	2/2*
Ms Bianca Cheo Hui Hsin	1/1	4/4	4/4*	2/2*	2/2*
INDEPENDENT DIRECTORS					
Dr Foo Say Mui (Bill)	1/1	4/4	4/4*	2/2	2/2
Mr Robert Loke Tan Cheng	1/1	4/4	4/4	2/2	2/2
Datuk Dr Fawzia Binti Abdullah	1/1	4/4	4/4	2/2	2/2*
Tan Sri Dato' A Ghani Bin Othman	1/1	4/4	4/4	2/2*	2/2
No. of meetings held:	1	4	4	2	2

* Attendance by invitation of the Committee

Multiple Board Representations

All directors are required to declare their board representations. When a director has multiple board representations, the NC will consider whether the director is able to adequately carry out his/her duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments. Further disclosure on each director's present and the past five years of directorship in a listed company have also been made from page 10 to 13 of "Board of Directors".

The NC has reviewed Multiple Board Representation Confirmation received from all directors and is satisfied that directors has been able to devote sufficient time and attention to the affairs of the Group to adequately and satisfactory discharge their duties as director of the Group, notwithstanding with their multiple appointments and commitments.

Provision 1.6

Access to complete, adequate, and timely information

The Group recognises an accurate and timely flow of relevant information is critical for the Board to be effective in the discharge of its duties. Prior to each Board and Board Committee meeting, and where needed, the management provides directors with relevant, complete, adequate and timely information in both soft and hard copies. The Board papers and related materials e.g., background or explanatory information are sent to directors at least three calendar days before the Board meeting so that the Board members may better understand the matters prior to the Board meeting to further constructive discussions, and for queries to be raised in the meeting. However, confidential and/or sensitive matters may be tabled at the meeting itself or discussed without any papers distributed. When necessary, senior management and/ or the relevant employees will be invited to attend Board meetings to answer any queries from Directors.

CORPORATE GOVERNANCE

Provision 1.7

Independent Professional Advice and Access to Management

Directors can request for additional information and have full access to Management. Management provides information requested by Directors for their meetings and decision making in a timely manner. Should there be a need to obtain independent professional advice on matters relating to the businesses of the Group or issues affecting duties of the Directors, the Company will arrange for the appointment of relevant profession advisers at its own cost.

Company Secretary

The directors have unrestricted access to the Company Secretary to facilitate direct flow of information when necessary. The Company Secretary assists the Chairman and the Chairpersons of each Board Committee in the development of the agendas for the various Board and Board Committee meetings to ensure that the Board procedures are observed, and that applicable rules and regulations are complied with. The Company Secretary or his nominees are required to attend all General, Board, and Board Committees' meetings and prepares minutes of meetings. The Company Secretary or his nominees is also responsible for, among other things, ensuring that the relevant rules and regulations, including requirement of the Companies Act, Securities and Futures Act, and the Listing Rules of the SGX-ST, are complied with.

The appointment and removal of the Company Secretary are subject to the approval of the Board.

BOARD COMPOSITION AND GUIDANCE

PRINCIPLE 2

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the company.

Provision 2.1, 2.2, 2.3

Provision 2.1 Board Independence
Provision 2.2 Independent Directors make up a majority of the Board where the Chairman is not Independent
Provision 2.3 Non- Executive Directors to make up a majority of the Board

Currently, the Board consists of seven directors, of whom four are considered independent by the Board. With majority of the Board made up of non-executive independent directors, including independence from the substantial shareholders or officers of the Company, the Board is capable of exercising independent and objective judgement on corporate affairs of the Group. It is also ensuring that key issues and strategies are critically reviewed, constructively challenged, fully discussed, and thoroughly examined.

The independence of each director is assessed and reviewed annually by the Nominating Committee ("NC"). In the review and deliberation of the independence of the four non-executive independent directors, the NC has considered the applicable Listing Rule 210(5)(d) and the guideline for independence set out in Provision 2.1 of the 2018 Code, including whether a director has relationship with the Group or any of its related company, its substantial shareholders or its officers and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the interest of the Group.

CORPORATE GOVERNANCE

Each non-executive independent director is required to complete an annual declaration to confirm his/her independence based on the applicable Listing Rules and the guidelines as set out in the 2018 Code. The directors must also confirm whether they consider themselves independent despite not having any relationship identified under the applicable Listing Rules and the 2018 Code.

For the year under review, the NC has assessed and is satisfied that all the four non-executive independent directors, namely Dr Foo Say Mui (Bill), Mr Robert Loke Tan Cheng, Datuk Dr Fawzia Binti Abdullah, Tan Sri Dato' A Ghani Bin Othman are independent as they do not have any relationship with the Group, its related corporations, its substantial shareholders, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Group, and they are able to exercise objective judgment on corporate affairs independently from management and its substantial shareholders.

The Group has complied with the relevant provisions as majority of the Board members are non-executive independent directors.

Provision 2.4

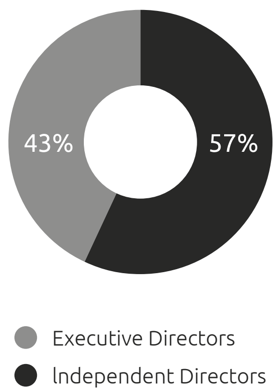
Board Size, Composition, Diversity and Balance

For FY 2022, the NC conducted its annual review on the composition and size of the Board including the skills, knowledge, experience, gender, age, and core competencies and concluded that they were appropriate, taking into account the scope and nature of the operations of the Group. The NC also noted that there was adequate diversity among the Board members. The Board comprised members of both genders and from different backgrounds whose core competencies, qualifications, skills and experience met with the requirements of the Group.

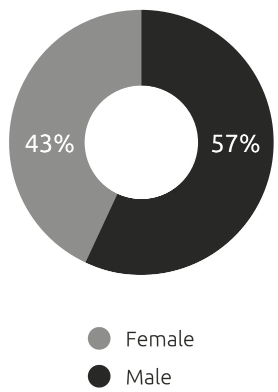
As part of the annual assessment process, the NC reviewed the competency matrix of the Directors, taking into account their respective areas of specialisation and expertise and was satisfied that members of the Board possess the relevant core competencies in the areas of the Group's food and agri-business and geographical operations, as well as in the areas of strategy formulation, manufacturing, marketing, legal, taxation, finance, accounting, and corporate compliances. With their varied experience in the different industries and areas of expertise, independent directors play a crucial role in challenging the Board to develop strategies in the best interests of the Group. They also contribute independent perspectives in reviewing the performance of the management in meeting agreed goals and objectives, and performance monitoring. The Board is in concurrence with the NC's assessment.

Details of the Board composition are as follows:

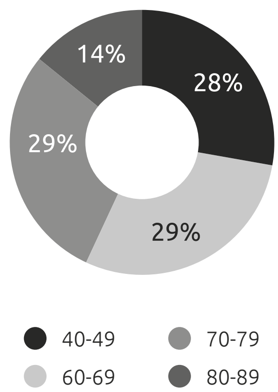
Board Independence



Board Gender Diversity



Directors' Age Group



CORPORATE GOVERNANCE

Board Diversity Policy

The Group has adopted a Board Diversity Policy which recognises that a diverse Board will enhance the decision-making process by utilising the variety in skills, knowledge, industry and business experiences, gender, and other distinguishing qualities of the members of the Board to avoid groupthink and bias and foster constructive debate and achieve effective decision making in the best interest of the Group.

In reviewing the Board composition and succession planning, the NC considers various aspects of diversity, with all Board appointments and re-appointments based on merit, and due consideration will be given to a candidate's suitability in strengthening the diversity of skills, experience, gender, knowledge, and core competencies of the Board relevant to the Group.

The Group also emphasises great importance in gender equality, and this has been incorporated as one of the objectives in the Board Diversity Policy. The Group has three women on the Board, namely Ms Michelle Cheo Hui Ning, Ms Bianca Cheo Hui Hsin, and Datuk Dr Fawzia Binti Abdullah.

In the Inaugural Singapore Board Diversity Index published on 16 September 2020, the Company's Board was ranked first among the Mid-Cap Companies category and fourth among all 704 companies with primary-listing on the SGX.

The profile of each director is set out on pages 10 to 13 of this Annual Report.

Provision 2.5

Meeting of Independent Directors without Management

The independent directors, led by the lead independent director, meet amongst themselves at least once a year without the presence of the Management and the Chairman of the Board to discuss the issues arising from the internal and external audits. The feedback and views expressed by the independent directors was communicated by the Lead Independent Director to the Board and/or the Executive Chairman, as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

PRINCIPLE 3

There is a clear division of responsibility between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1, 3.2

Provision 3.1 Separation of the Role of Chairman and the Chief Executive Officer ("CEO")
Provision 3.2 Role of Executive Chairman and CEO

The roles of the Chairman and the Deputy Chairperson cum Chief Executive Officer (**"CEO"**) are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

CORPORATE GOVERNANCE

The Executive Chairman, Dr Cheo Tong Choon @ Lee Tong Choon (**"Dr Cheo"**) plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision. Dr Cheo has been the force behind the success of the Group and works closely with the Deputy Chairperson cum CEO, Executive Director cum COO and the management. Please refer to Dr Cheo's profile on page 10 of this Report.

Ms Michelle Cheo Hui Ning, daughter of Dr Cheo, is an Executive Director, Deputy Chairperson and CEO of the Group. She is responsible for the overall execution of strategy as endorsed by the Board and for operational performance and organisational excellence. Please refer to Ms Michelle Cheo's profile on page 10 of this Report.

Ms. Bianca Cheo Hui Hsin, daughter of Dr Cheo, is an Executive Director and COO of the Group. She has overall responsibility for the Consumer Pack segment of the Group. Please refer to Ms Bianca Cheo's profile on page 11 of this Report.

All major proposals and decisions made by the Chairman and CEO undergo thorough discussion and review by the Board. Their performance and appointments are subject to periodic review by the NC which comprises all independence directors except Dr Cheo. Dr Cheo, as a member of the NC, abstains from voting on all resolutions or proposals related to, or that may be suspected to have, a conflict of interest. Their remuneration packages are reviewed annually by the Remuneration Committee (**"RC"**). The RC consists of all independent directors. The Board believes that there are sufficient strong and independent elements and adequate safeguards in place against a possible concentration of power and authority that a familial relationship exists between the Chairman and the CEO.

The key responsiblities of the Chairman are: -

- leading the Board, facilitate effective contribution of all Directors and promote comprehensive, rigorous and open discussion during the Board meeting with the Directors, as well as between the Board and the management;
- setting the agenda and ensuring that the directors receive complete, adequate and timely information and that adequate time is available for discussion for matters on the agenda, particularly on matters relating to strategies;
- building constructive relations within the Board, and between the Board and the management to ensure proper execution of the strategies and direction decided by the Board;
- facilitating effective contribution of the Non-Executive Directors;
- ensuring constructive communication and engagement with shareholders takes place in every general meeting; and promoting standards of corporate governance.

Provision 3.1

Lead lndependent Director

Taking cognisance that the Chairman of the Board is an Executive Director and he is not independent, the Board has designated a Lead Independent Director who serves as a sounding Board for the Chairman and as an intermediary between the independent directors and the Chairman.

The current Lead Independent Director, Dr Foo Say Mui (Bill) provides leadership in situations where the Chairman was conflicted and to ensure a balance of power and authority, such that no one individual has unfettered powers of decision making. The Lead lndependent Director acts as a bridge between the independent directors and the Chairman as well as representing shareholders' interests. As a Lead Independent Director, Dr Foo was always available to shareholders and stakeholders if they had concerns for which contact through normal channels of communication with the Chairman or Management were inappropriate or inadequate. Shareholders may email to Ir@mewahgroup.com which will channel the same to Dr Foo directly. There was no query or request on any matters which requires the Lead Independent Director's attention received in FY2022.

CORPORATE GOVERNANCE

BOARD MEMBERSHIP

PRINCIPLE 4

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

<u>Provision 4.1, 4.2</u>

Provision 4.1 Key terms of reference of Nominating Committee
Provision 4.2 Membership of Nominating Committee

To ensure that the governance and business needs of the Group are adequately addressed, the Board has established a Nominating Committee (the **"NC"**) to regularly review the capabilities of the directors collectively by taking into account their skills, experience, gender & age diversity and industry knowledge.

The NC comprises three Independent Directors and one Executive Directors. The Chairman of NC is Dr Foo Say Mui (Bill) who is also the Lead lndependent Director.

Please refer to Provision 1.4 above on the names of the members and the composition of the NC.

The Board reviews the size and composition of the Board at least twice in a year, taking into account the need for progressive renewal of the Board, and each Director's competencies, commitment, contribution, and performance.

The NC makes recommendations to the Board on all Board appointments, Key Management Personnel (**"KMP"**) as well as appointment of those who has relationship with director/ CEO/ substantial shareholder. ln reviewing the Board composition and in identifying suitable candidates for appointment to the Board, the NC will ultimately form their decisions based on the following principles: -

(a) Skills, experience, knowledge, gender, and age diversity; and
(b) Non-executive directors make up a majority of the board, where the Chairman is not independent.

NC's key responsibilities include the following:

(i) ldentifying candidates for nomination and making recommendations to the Board on all Board appointments;
(ii) Re-nomination of the directors in accordance with the Memorandum and Articles of Association, having regard to the director's contribution and performance;
(iii) Determining the independency of an independent director annually in accordance with the Code;
(iv) Deciding whether or not a director is able to and has been adequately carrying out his duties as a director;
(v) Reviewing the balance and diversity of skills, experience, gender, age, knowledge, competencies of the Board, and its size and composition;
(vi) Reviewing and recommending the training and professional development programmes for the Board; and
(vii) Developing and recommending to the Board a process of evaluation of the performance of the Board, Board Committees, and directors;
(viii) Reviewing of succession plans for directors, the Chairman, the CEO and KMP.

CORPORATE GOVERNANCE

Provision 4.3

Selection, Appointment and Re-Appointment of Directors

The NC is responsible for recommending identified candidates to the Board to fill vacancies arising from resignation or retirement, or if there is a need to appoint additional Directors to fill a competency gap in the Board. The potential candidate may be proposed by existing Directors, the management or through third-party referrals.

The Group has put in place a process for selecting and appointing new Directors. This process includes, inter alia, an evaluation of the candidate's capabilities by taking into consideration diversity of skills, knowledge, experience, background, gender, age and other relevant factors and how the candidate fits into the overall desired competency matrix of the Board. The shortlisted candidates will be required to furnish their curriculum vitae, stating in detail their qualification, working experience, employment history and to complete certain prescribed forms to enable the NC to assess the candidate's independent status and compliance with the applicable rules. All Board appointments are approved by way of written resolutions.

The NC will engage external agencies to assist, if required, at the expense of the Group. For FY 2022, no engagement of external agencies in selection and appointment of new Directors was done.

ln assessing re-appointment of the director's, the NC evaluates based on several criteria, including qualifications, contributions, and independence of the directors. ln accordance with the Company's Memorandum and Articles of Association, each director shall retire at least once every three years. A retiring director shall be eligible for re-election subject to approval by the shareholders at the Annual General Meeting (**"AGM"**). New directors appointed by the Board will hold office only until the next AGM following their appointments and will be eligible for re-election thereafter. Such directors are not taken into account when determining the directors who are to retire by rotation. Each member of the NC is required to abstain from deliberating, participating, or voting in matters relating to him/her, including the assessment of his/her performance and re-nomination as director.

The Board generally does not have a practice of appointing alternate directors.

Key information regarding each director's qualifications, shareholdings, relationships (if any), date of first appointment, directorship, and other principal commitments is presented on pages 10 to 13 of this Annual Report. The NC had recommended to the Board the re-election of Ms Bianca Cheo Hui Hsin and Datuk Dr Fawzia Binti Abdullah, who will be retiring pursuant to Article 86 of the Company's Memorandum and Articles of Association at the forthcoming AGM. The directors retiring by rotation have consented to continue in office.

The additional information on Ms Bianca Cheo Hui Hsin and Datuk Dr Fawzia Binti Abdullah, being the Directors who have been nominated for re-election, pursuant to Rule 720(6) of the SGX-ST Listing Manual, are set out below:

Name of Person	Bianca Cheo Hui Hsin	Datuk Dr Fawzia Binti Abdullah
Date of Appointment	29 October 2010	8 August 2017
Date of Last Re-Appointment	19 June 2020	19 June 2020
Age	46	79
Country of Principal Residence	Singapore	Malaysia

CORPORATE GOVERNANCE

Name of Person	**Bianca Cheo Hui Hsin**	**Datuk Dr Fawzia Binti Abdullah**
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board having considered and accepted the recommendation of the Nominating Committee and assessed Ms Cheo's overall contributions and performance, is of the view that she is suitable for re-appointment as a Director of the Company.	The Board having considered and accepted the recommendation of the Nominating Committee and assessed Datuk Dr Fawzia's overall contributions and performance, is of the view that she is suitable for re-appointment as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Director	Independent Non-Executive
Job Title	Executive Director and Chief Operating Officer	Independent Director, member of Audit Committee, member of Nominating Committee
Working experience and occupation(s) during the past 10 years	Please refer to the "Board of Directors" on page 11 .	Please refer to the "Board of Directors" on page 12.
Shareholding interest in the listed issuer and its subsidiaries?	Yes. Please refer to "Statistics of Shareholdings" on page 169 to 171.	NIL
Familial relationship with any director and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	• Daughter of Dr Cheo Tong Choon @ Lee Tong Choon (Chairman, Executive Director and substantial shareholder); • Sister of Ms Michelle Cheo Hui Ning (Deputy Chairperson, Chief Executive Officer, Executive Director and substantial shareholder); • Sister of Mr Cheo Jian Jia and Ms Sara Cheo Hui Yi (substantial shareholders)	NIL
Conflict of interests (including any competing business)	NIL	NIL
Undertaking (in the format set out in Appendix 7.7 under Rule 720(1)) has been submitted to the listed issuer	Yes	Yes
Past Directorship (for the last 5 years)	1. MOI international (Australia) Pty Ltd 2. MOI Foods U.S.A. Ltd. 3. Mewah Marketing Pte. Ltd. 4. Moi Foods (Belgium) N.V – 5. Bokley Pte Ltd	NIL

CORPORATE GOVERNANCE

Name of Person	Bianca Cheo Hui Hsin	Datuk Dr Fawzia Binti Abdullah
Present Directorship	1) Mewah International Inc. (Singapore Listed Company) 2) PT Matahari Department Store TBK (Indonesia Listed Company) 3) One Marthoma (CI) Inc. 4) Pandan Loop International Inc. 5) Cavenagh House International Inc. 6) Hua Guan Inc. 7) Mewah China (HK) Limited 8) Ngo Chew Hong Corporation Pte. Ltd. 9) Cavenagh Oleo (S) Pte. Ltd. 10) Hua Guan Oleo (S) Pte Ltd. 11) Mewah (HK) Limited 12) Dr T.C. Pierre (Cayman Islands) Inc. 13) Eighteen Tenth Nineteen Forty Four Inc. 14) Unity Investment Inc. 15) Cheo @ Berrima Inc. 16) Moi Chemicals Limited 17) J.J. Mibisa Holding (BVI) Inc. 18) T.C. Stone Limited 19) J.J. Mibisa Inc. 20) J.J. Mibiansa Holdings Pte Ltd 21) Futura Ingredients Singapore Pte. Ltd. 22) Ecobliss (S) Pte. Ltd. 23) Eco Oleo (S) Pte. Ltd. 24) Ecogenesis Life Sciences Pte. Ltd. 25) Futura Oppenheimer Pte. Ltd.	1) Econ Medicare Centre and Nursing Home Sdn. Bhd.
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

CORPORATE GOVERNANCE

Name of Person	Bianca Cheo Hui Hsin	Datuk Dr Fawzia Binti Abdullah
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

CORPORATE GOVERNANCE

Name of Person	Bianca Cheo Hui Hsin	Datuk Dr Fawzia Binti Abdullah
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

CORPORATE GOVERNANCE

Name of Person	Bianca Cheo Hui Hsin	Datuk Dr Fawzia Binti Abdullah
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No

CORPORATE GOVERNANCE

Provision 4.4

Continuous Review of Directors' Independence

In FY 2022, the NC had conducted, inter alia, an annual review of the independence of the non-executive directors based on their declaration which was drawn up in accordance with the guidelines provided under the Code, its Practice Guidance and relevant SGX-ST listing rules, and had determined, having regard to the circumstances set forth in Provision 2.1 of the Code, the independence of each non-executive Directors. Please refer to Provision 2.1 above on the process and details of the NC's review of non-executive Directors' independence. The NC is also committed to reassess the independence of each non-executive Directors as and when necessary.

The Board is complying with Rule 210(5)(d)(iv) of the SGX-ST Mainboard Rules introduced on 11 January 2023, to ensure no director will be considered independent if he/she sits on the Board for more than 9 years.

Provision 4.5

Multiple Directorships

The Board has not set the maximum number of Board representations which any director may hold. However, the NC monitors and assesses twice a year whether directors with multiple board representations and other principal commitments are able to give sufficient time and attention to the affairs of the Group and diligently discharge their duties as a director of the Group. The NC takes into account the results of the assessment of the effectiveness of the individual director, his or her actual conduct on the Board and Board Committees, and attendance record at meetings. Moreover, each director is required to confirm annually to the NC as to whether he or she has any issue with competing time commitments which may impact his or her ability to provide sufficient time and attention to his or her duties as a director of the Group.

Based on the assessments, actual conduct and attendance record, the NC is satisfied that in 2022, sufficient time and attention has been given to the affairs of the Group by each director. Details of directorships and commitments of all directors are detailed in pages 10 to 13 of this report.

BOARD PERFORMANCE

PRINCIPLE 5

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provision 5.1, 5.2

Provision 5.1 Board Evaluation Process
Provision 5.2 Assessments of the Board, Board Committees and Each Director

CORPORATE GOVERNANCE

The NC has processes in place for the evaluation of the Board's effectiveness as a whole, its individual Board Committees, and for assessing the contributions by the Chairman and each individual director to the effectiveness of the Board on an annual basis. The evaluation is done through written assessments by individual directors and submitted incognito. The assessment is based on objective performance criteria, including the Board composition and size, Board effectiveness and training, Board committees, Board committee process, provision of information to the Board, standard of conduct, the Board's understanding of the Group's business operations and its financial performance, Board compensation, effectiveness of the Board meetings to facilitate discussions and decisions on critical and major corporate matters, as well as individual's contributions and commitment to their roles. The Company Secretary compiles the Directors' responses from the evaluation forms into a consolidated report. The collated findings are reported, and recommendations are then submitted to the Board for review and to further enhance the Board's effectiveness in every year end meeting. No external facilitator was used in the evaluation process. The performance criteria do not change from year to year unless the NC is of the view that it is necessary to change the performance criteria, for instance, to align with any changes to the Code and the Listing Rules. ln 2022, there were no significant issues that might warrant the Board 's attention.

II. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION PROCESS

PRINCIPLE 6

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1, 6.2, 6.3, 6.4

Provision 6.2 RC Composition

The Remuneration Committee (**"RC"**) comprises entirely of independent directors. The RC is chaired by Dr Foo Say Mui (Bill) with Mr Robert Loke Tan Cheng, and Tan Sri Dato' A Ghani Bin Othman as its members.

Please refer to Provision 1.4 above on the names of the members and the composition of the RC.

Provision 6.1 Remuneration Framework

The RC is responsible for reviewing and making recommendations to the Board a framework of remuneration for the Board and the key management personnel (**"KMP"**) and determining specific remuneration packages for each director and the KMP. The recommendations of the RC are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the RC. The remuneration framework in place is reviewed periodically to ensure that it remains relevant and effective.

On an annual basis, the RC reviews and recommends the specific remuneration packages of the executive directors and the KMPs, including the annual increments and year-end variable bonuses, for approval by the Board. Each member of the RC is required to abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the RC in respect to his own remuneration package.

CORPORATE GOVERNANCE

Provision 6.3 Role of RC

The RC is also responsible in reviewing the Group 's obligations arising in the event of termination of the executive directors' and KMP's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

The RC's duties and responsibilities as set out in its written terms of reference has reviewed and approved by the Board on an annual basis.

Provision 6.4 Engagement of Remuneration Consultants

The RC has explicit authority within its terms of reference to seek appropriate external expect advice in framing the remuneration policy and determining the level and mix of remuneration of directors and management. Since there was no specific necessity, the RC did not engage any external remuneration consultant in FY 2022.

LEVEL AND MIX OF REMUNERATION

PRINCIPLE 7

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provision 7.1, 7.2, 7.3

Remuneration of Directors and KMPs

The annual review of the compensation was carried out by the RC to ensure that the remuneration of the executive directors, CEO and KMPs commensurate with their performance and, giving due regard to the financial and commercial health and business needs of the Group. The RC will also take into consideration the risks policies of the Group, and is also responsive to the economic climate as well as the performance of the Group, its businesses, and individuals. lt is structured to link a significant and appropriate proportion of rewards to the Group's and individual's performance. The RC and the Board, in determining the level and structure of remuneration of the Board and KMP, will ensure that the Board and KMP are provided with appropriate remunerations that is proportionate to the sustained performance and value creation in the Group. The remuneration framework for the Board and KMP is aligned with the interests of shareholders, other stakeholders, and is sufficiently appropriate to attract, retain, and motivate them for the long-term success of the Group.

Independent non-executive Directors have no service agreements with the Company and their terms in office are specified in the Constitution. When reviewing the structure and level of directors' fee for the Independent non-executive directors, the RC takes into consideration the directors' respective roles and responsibilities in the Board and its Board Committees. The RC is mindful that the remuneration for independent non-executive directors should not be excessive so as not to compromise or reasonably be perceived to compromise their independence. No director is involved in deciding his or her own remuneration.

The Company currently does not have any share-based compensation scheme, or any long-term incentive scheme involving the offer of shares or grant of options in place.

CORPORATE GOVERNANCE

DISCLOSURE ON REMUNERATION

PRINCIPLE 8

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1, 8.2, 8.3

Disclosure of Remuneration of Directors, KMPs and Immediate Family Members of CEO and Executive Directors

lndependent non-executive directors are paid directors' fees, subject to the approval of shareholders at the AGM. No additional fees are paid for their appointments on other Board Committees. The directors' fees are appropriate to the level of contribution, taking into account factors such as effort, time spent, and the responsibilities of the directors such that the independence of the independent non-executive directors are not compromised by their compensations. Executive directors and the CEO do not receive directors' fees but are remunerated as members of management.

Level and Mix of Remuneration

The breakdown of the remuneration of the (i) directors and CEO; and (ii) employees who are substantial shareholders or are immediate family members of a director, the CEO or a substantial shareholder of the Company, for the financial year ended 31 December 2022 is as follows:

(i) Director and CEO

Name	Fixed Salary	Variable lncome	Benefits in Kind	Total	Remuneration Band (S$'000)
Executive Directors					
Dr Cheo Tong Choon @ Lee Tong Choon	79%	20%	1%	100%	3,250 to 3,500
Ms Michelle Cheo Hui Ning	80.4%	18.4%	1.2%	100%	1,250 to 1,500
Ms Bianca Cheo Hui Hsin	80.4%	18.4%	1.2%	100%	1,250 to 1,500
lndependent Non-Executive Directors					
Mr Robert Loke Tan Cheng	100%	-	-	100%	250 and below
Dr Foo Say Mui (Bill)	100%	-	-	100%	250 and below
Datuk Dr Fawzia Binti Abdullah	100%	-	-	100%	250 and below
Tan Sri Dato' A Ghani Bin Othman	100%	-	-	100%	250 and below

The Company has disclosed each Director's remuneration in bands of S$250,000 and provided a further detailed breakdown of the remuneration in percentage terms into fixed salary, variable income, and benefits in kind. The Company is of the view that this is sufficient to provide shareholders with insight into the level of compensation of the Directors and links between the Directors' remuneration and their performance. Further details regarding the remuneration of each Director are deemed, in light of the sensitivities of remuneration, not to be in the best interest of the Company.

CORPORATE GOVERNANCE

(ii) Employees who are substantial shareholders or are immediate family members of a director, the CEO or a substantial shareholder of the Company (remuneration exceeding S$100,000)

Name	Family relationship with any director and/or substantial shareholder	Remuneration Band (S$'000)
Mr Cheo Jian Jia	Children of Dr Cheo Tong Choon @ Lee Tong Choon; Sibling of Ms Michelle Cheo Hui Ning and Ms Bianca Cheo Hui Hsin	700 to 800
Ms Cheo Chong Cher	Sibling of Dr Cheo Tong Choon @ Lee Tong Choon	200 to 300
Ms Cheo Sor Cheng Angeline		200 to 300
Ms Cheo Su Ching		200 to 300
Ms Cheo Soh Hua@ Lee Soh Hua		200 to 300
Mr Cheo Teong Eng		200 to 300
Ms Alicia Cheo		200 to 300

Top Five Key Management Personnel

Remunerations paid to the top five Key Management Personnel (**"KMPs"**) (who are not directors or the CEO) ranged between S$250,000 and S$2,000,000 and aggregated to S$3,943,000 58%, 41%, and 1% of which were fixed salary, variable income, and benefits in kind respectively. The disclosure made for the KMP's remuneration in bands of S$250,000 as well as a breakdown in percentage terms into fixed salary, variable income and benefits in kind as the Group believes that given the confidential and commercial sensitivities associated with remuneration matters, the highly competitive human resource environment in which the Group operates, the importance of ensuring stability, continuity of business operations with a competent, and experienced management team in place, it is in the best interest of the Group to not disclose the Company's top five KMP (whom are not directors or the CEO) on a named basis.

Remuneration of executive directors and KMPs includes a variable component which is linked directly to performance measures identified by the Group. The quantum of variable component is dependent on the individual performance against those measures that include knowledge and understanding of the Group and the industry, execution of strategies, personal qualities, as well as performance of the Group in general. The Company does not have contractual provisions to reclaim incentive components of remuneration from executive directors and KMPs in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company as it is of the view that, in any case, it has legal recourse under such circumstances.

No directors or KMPs are involved in deciding his or her remuneration.

The Company did not have any Employee Share Schemes for the financial year 2022.

CORPORATE GOVERNANCE

III. ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

PRINCIPLE 9

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interest of the company and its shareholders.

Provision 9.1

Oversight of Risk Management

The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls to safeguard the interest of the Company and the shareholders.

The Board has overall responsibility for the governance of risk, including adoption and implementation of a system of risk management and internal controls.

The Executive Risk Management Team monitors and assists the Board in determining the nature and extent of the significant risks which the Group is willing to take in achieving its strategic objectives and value creation. Management reports and updates the AC on regular basis regarding key risks. Risk management is explained further in pages 25 to 27.

Internal Audit

Internal Audit ("IA") function is responsible to oversee the Group's risk governance and to ensure management maintains a strong system of risk management and internal controls to protect the interests of shareholders and the Group's assets. The IA function operates independently within the Group headed by Mr Larry Cheng (**"Mr Cheng"**) and other suitably qualified executives who meet the Standards for the Professional Practice of lnternal Auditing of the lnstitute of lnternal Auditors. Mr Cheng reports directly to the Chairman of the Audit Committee, which approves the appointment, termination, evaluation, and compensation of the Head of lnternal Audit. The Audit Committee also annually reviews the scope of authority and responsibility of the IA functions as defined in the AC Terms of Reference. The IA function of the Group has unfettered access to all the Group's documents, records, properties, and personnel, including Audit Committee, and has appropriate standing within the Group.

The IA conducts an annual review of the effectiveness of the Group's material internal controls, including financial, operational, compliance, information technology controls, risk management systems and Sustainability report. Any material non-compliance or failure in internal controls, and recommendations for improvements are reported to the Audit Committee. The Audit Committee also reviews the effectiveness of the actions taken by management on the recommendations made by the internal and external auditors in this respect.

Audits were carried out on significant business units in the Group, inclusive of limited review performed on dormant and inactive companies. The consolidation of the IA's reports is submitted on a quarterly basis to the Audit Committee for deliberation, with copies of these reports extended to the Chairman, the CEO, and the relevant Senior Management Officers. ln addition, IA's summary of findings and recommendations are discussed at the quarterly Audit Committee meetings. The Audit Committee also conducts meetings with the IA without the presence of the Senior Management to discuss any issues of concern.

CORPORATE GOVERNANCE

The Audit Committee reviewed and is satisfied that the IA function is independent, effective, and adequately resourced.

Risk Management and Internal Control

The role of the IA function is to assist the Audit Committee in providing reasonable assurance that the Group maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness by undertaking investigations as directed by the Audit Committee and conducting regular in-depth audits of high-risk areas. The Audit Committee ensures that the IA is adequately resourced and has appropriate standing within the Group.

Opinion on the Adequacy and Effectiveness of Internal Control and Risk Management Systems

Based on the internal controls and risk management systems established and maintained by the Group, audit checks performed by the internal and external auditors, and regular reviews performed by management, the Board and various Board Committees, the Audit Committee and the Board are of the opinion that the Group's internal control and risk management systems are adequate and effective as at 31 December 2022 to address the financial, operational, compliance, information technology and sanction related risks of the Group. There has been no material change in the Company's risk of being subject to any sanctions-related laws or regulations. The Board and the AC remains responsible for monitoring the Company's risk of becoming subject to or violating any sanctions-related laws or regulations and ensuring timely and accurate disclosure to SGX and other relevant authorities. The internal control and risk management systems established by the Group provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

Assurance from the CEO and CFO

The Chief Executive Officer and Chief Financial Officer have also provided a written confirmation to the Board that, to the best of their understanding: (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group had established and maintained an adequate system of internal controls effective in addressing financial, operational, compliance , information technology controls, and risk management systems for the financial year ended 31 December 2022. The Group's risk management and internal control systems are effective.

CORPORATE GOVERNANCE

AUDIT COMMITTEE

PRINCIPLE 10

The Board has an Audit Committee ("AC") which discharges its duties objectively.

Provision 10.2 and 10.3

Composition of Audit Committee

The Audit Committee (**"AC"**) comprises entirely non-executive and independent directors. The AC is chaired by Mr Robert Loke Tan Cheng with Datuk Dr Fawzia Binti Abdullah and Tan Sri Dato' A Ghani Bin Othman as its members. The Board considers the members of the AC appropriately qualitied with sufficient and relevant financial management expertise and experience to discharge its functions. The AC is also kept abreast of changes to accounting standards and issues which have a direct impact on financial statements through meetings with the external auditors who will update the AC on recent related developments. lt has held four meetings in 2022. The AC has also met with the internal and external auditors without the presence of the management during the year.

The AC does not have any member who was a former partner or director of the Group's external auditor, PricewaterhouseCoopers LLP (**"PwC"**), within a period of two years commencing on the date of their ceasing to be a partner of PwC, or who holds any financial interest in PwC.

Provision 10.1

Duties of AC

The AC is guided by the following key terms of reference, which defines its scope of authority to:

(i) Commission internal investigations and review any significant findings or otherwise to carry out its obligations under Rule 719 of the SGX-ST Listing Manual in relation, inter alia, any suspected fraud or irregularity, or suspected infringement of any Singapore law, regulations, or rules of the SGX-ST, or any other regulatory authority of Singapore, which has or is likely to have a material impact on the Group's operating results or financial position;
(ii) Review the financial reporting issues and judgments to ensure the integrity of the financial statements of the Group (including its annual and semi-annual reports and any other formal financial statements, as well as reviewing significant financial reporting issues and judgments therein), and announcements on the Group's financial performance and recommend changes, if any, to the Board;
(iii) Review and report to the Board the adequacy and effectiveness of the Group's internal controls and risk management systems and any oversight of its risk management processes and activities to mitigate and manage risks at acceptable levels as determined by the Board;
(iv) Review the assurance from the CEO and the Chief Financial Officer on the financial records and financial statements;
(v) Consider and make recommendations to the Board on the proposals to shareholders on the appointment, re appointment, and removal of the Group's external auditors. The AC shall oversee the selection process for new auditors and if an auditor resigns, the AC shall investigate the issues leading to the resignation and decide whether any action is required;

CORPORATE GOVERNANCE

(vi) Oversee the relationship with the external auditors and make recommendations to the Board on the external auditors' remuneration and terms of engagement to ensure the fee commensurate with the audit and non-audit services provided, and whether the scope of such services ensure requisite audit to be conducted;
(vii) Assess and review annually the qualification, adequacy, effectiveness, independence, scope, and results of external audit and the Group's internal audit function;
(viii) Review the policies and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, with independent investigations appropriately followed up on;
(ix) Review and approve the annual internal and external audit plan;
(x) Review interested persons transactions and potential conflicts of interest, if any;
(xi) Review all hedging policies and instruments to be implemented by the Group, if any; and
(xii) Review all investment instruments that are not principally protected.

Each member of the AC must abstain from voting on any resolution in respect of matters in which he/she is involved.

Provision 10.4

Primary Reporting Line of Internal Audit ("IA")

The Head of IA function, Mr Cheng attended in all Audit Committee meetings and reports directly to the Chairman of the Audit Committee, which approves the appointment, termination, evaluation, and compensation of the Head of IA function. The IA function of the Group has unfettered access to all the Group's documents, records, properties, and personnel, including Audit Committee, and has appropriate standing within the Group. IA function is further explained in page 63 to 64.

External Auditors

The AC has conducted the annual review on the independence and objectivity of the external auditors as well as the non-audit services provided by them and is satisfied that the nature and extent of such services do not affect the independence of the external auditors. Details of the fees paid and payable to the auditors in respect of audit and non-audit services are set out in the notes to financial statements on page 118 of this Report. The Group has complied with Rule 712, and Rule 715 read with Rule 716 of the SGX-ST Listing Manual, in relation to its auditors. The audit partner of the external auditors is rotated every five years in accordance to Rule 713 of the SGX-ST Listing Manual.

The AC has explicit authority to investigate any activity within its terms of reference, full access to and co-operation from the management, and full discretion to invite any director or executive officer to attend its meetings. lt also has reasonable resources to enable it to discharge its function properly.

The AC, with the concurrence of the Board, had recommended the re-appointment of PwC as the Group 's external auditors at the forthcoming AGM.

Provision 10.5

Meeting Auditors without the Management

The Audit Committee also holds an annual year-end meeting with both internal and external auditors, without the presence of management. The meeting was conducted virtually by creating a breakout room for the auditors and non-executive independent directors to deliberate any matters of concern.

CORPORATE GOVERNANCE

Whistle-blowing policy

The Group has put in place a policy on whistle-blowing, approved by the AC and endorsed by the Board, to facilitate the reporting of malpractice, illegal acts, or omission of work by an employee. Details of the Whistle Blowing Policy and arrangements have been posted to the employees' intranet

By creating an atmosphere of openness and trust, the Group encourages the employees to use internal mechanisms for reporting all whistleblowing activities and such reports will be treated fairly and the employees will be protected from reprisal. All the received reports will be directed for investigation to a designated independent committee constituted as per the Whistle Blowing Policy and such investigations will be carried out under the terms of strict confidentiality with minimum number of employees involved and the identity of the whistleblower will be kept confidential. Mewah will not tolerate victimisation of whistleblower and disciplinary action will be taken against those who victimise the whistleblower. The AC will review and monitor the policy as well as any whistleblowing complains received by the committee.

Key Audit Matters

The AC, along with the management and the external auditors, considered and discussed the key audit matters, as disclosed on page 78 to 79 of this Report. The Audit Committee's assessment and conclusion is explained below:

Valuation of commodities forward contracts of the Group

The AC reviewed the valuation methodology and the basis of indicative market prices used by management. The AC reviewed the work performed by the external auditors on the assessment of the appropriateness of the level 2 valuation techniques adopted by management by evaluating the appropriateness of the valuation methodology and the basis of indicative market prices used by management and concluded that the valuation methodology to be appropriate and the indicative market prices used by management to be within acceptable range.

Impairment assessment of certain property, plant and equipment of the Group

The AC reviewed management's impairment assessment including the valuation methodology adopted by management in relation to certain property, plant and equipment of the Group where indications of impairment were identified. The AC reviewed the work performed by the external auditors on the assessment of critical accounting estimates involved in estimating the revenue, discount rate, terminal growth rate and operating margin. lt also held discussions with the external auditors to understand the basis of the key assumptions, appropriateness of methodology used by management and evaluating management's sensitivity analysis to assess the impact on the recoverable amount of the related property, plant and equipment. Accordingly, the assessment of the recoverable amount of the related property, plant and equipment was carried out using value-in-use calculations and an impairment charge of US$14,082,000 was recognised in the financial statements. Based on the work performed, AC concluded management's assessment to be appropriate.

CORPORATE GOVERNANCE

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

PRINCIPLE 11

The company treats all shareholders fairly and equitably to order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1 and 11.4

Conduct of Annual General Meeting ("AGM")

Shareholders are informed of shareholders' meeting through the printed copy of Notice of Annual General Meeting, Proxy Form and Request Form sent to all shareholders. This notice has also published in the Business Times, posted onto the SGXNet and Mewah's corporate website.

In order to provide ample time for the shareholders to review, the Notice of AGM, Proxy Form and Request Form are distributed to all shareholders 14 days before the scheduled AGM date.

All shareholders of the Group whose names are registered in the Depository Register and the Register of Members are entitled to attend the general meeting and are given opportunities to participate effectively in, and vote at, the general meeting. The shareholders have also been informed of the rules, including voting procedures governing the AGM. lf any shareholders are unable to attend, he or she is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance with the Notice.

The shareholders are encouraged to meet with the Board and senior management to have a greater insight into the Group's developments. However, voting in absentia by mail, facsimile, or email has not been implemented as the authentication of shareholders' identity, the integrity of the information, and other related security issues still remain a concern.

Provision 11.2

Separate resolutions at AGM

The Board ensures that each distinct issue is proposed as a separate resolution for approval at the AGM. There is no bundling of the resolutions as they are not interdependent nor linked to each other. Details explanatory notes on each item of the agenda are also provided to the end of Notice of AGM.

CORPORATE GOVERNANCE

Provision 11.3

Interaction with Shareholders

At the AGM of Mewah, shareholders are given the opportunity to communicate their views and are encouraged to ask the directors and the management questions regarding matters affecting the Company and the Group.

In light of the COVID-19 pandemic whereby the AGM FY 2021 was held by way of electronic means, the shareholders were invited to submit their questions for the AGM in advance of the meeting, and the Company provided its responses via SGXNET and the Company's corporate website on 22 April 2022 prior to the deadline for shareholders to submit proxy forms on 26 April 2022 and prior to the commencement of the AGM on 28 April 2022.

All directors, including the chairman of each Board Committees and the management are present at the AGM to answer to the relevant questions raised in advance by the shareholders. The external auditors are also present at such meetings to assist the directors in addressing the shareholders' queries relating to the conduct of the audit and the preparation and content of the auditors' report.

The attendance of all directors at the AGM, as well as all Board and Board Committee meetings, are recorded and disclosed on page 46.

Provision 11.5

Minutes of AGM

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues pertaining to the resolutions table for approval and/or raise questions regarding to the Company and its operations. The Company has developed and shared the several channels which include electronic mail or facsimile for shareholder who are unable to attend the AGM to contribute their feedback and inputs. The details AGM minutes, which incorporate substantial and relevant comments or queries from shareholders and responses from the Board and Management are publicly available on both the SGXNET and Company's corporate website at within two weeks from the date of the AGM.

Provision 11.6

Dividend Policy

Mewah is committed to rewarding shareholders fairly and sustainably, balancing the payment of dividends while taking into consideration the Group's financial performance, cash flow generation, projected capital requirements for business growth, schedule of debts repayment and general global economic conditions to ensure that the best interests of the Company are served. This has been formalised in the Dividend Policy and the policy is available at the Company's corporate website. In the event that no dividend is declared, the reasons for such will be disclosed in accordance with the Listing Rule 704 (24) of the SGX-ST.

The Board has recommended a final exempt dividend of S$0.014 per ordinary share, which along with interim dividend of S$0.0015, brings the total dividend for the year to S$0.0155 per ordinary share.

CORPORATE GOVERNANCE

ENGAGEMENT WITH SHAREHOLDERS

PRINCIPLE 12

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meeting and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1, 12.2, 12.3

Timely, Effective , Fair and Accurate Communications with Shareholders

The Group is committed to promote timely, effective, fair and accurate disclosure of material information to the stakeholders to support informed investment decision and enable the Company to strengthen the relationship with its shareholders based on trust and accessibility.

The Group has an lnvestor Relations Policy in place which allows for an ongoing exchange of views so as to actively engage and promote timely, effective and fair and accurate communications with shareholders. The lnvestor Relations Policy sets out the mechanism through which shareholders may contact the Group with queries and through which the Group may respond to such queries and such policy is publicly available at the Company's corporate website. The shareholders, investors and other stakeholders may contact IR team at ir@mewahgroup.com to channel their comments and queries.

The Group is committed to upholding high standards of disclosure and continues to keep all stakeholders informed of its corporate activities on a timely and consistent basis. The Group disseminates all price sensitive and material information to its shareholders via SGXNET on a non-selective basis. Financial and other performance data of the Group, as well as business units where appropriate, is provided to shareholders to facilitate better insight into the Group's performance. The date of release of the half yearly results is disclosed at least four weeks prior to the date of announcement through SGXNET. On the day of the announcement, the financial statements, as well as the accompanying press release and presentation slides, are released onto the SGXNET website as well as on the Company's corporate website.

Following the amendments to the Listing Manual and to promote sustainability by conserving environmental and financial resources, the Group also make available a digital format of the Annual Report for FY2022 (**"Annual Report"**). The Annual Report, as well as Notice of AGM, are published on the SGXNET and the Company's corporate website. All shareholders of the Group will receive the printed copy of notice of AGM, two proxy forms, and a request form to request for hard copies of the Annual Report.

V. MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

PRINCIPLE 13

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interest of the company are served.

CORPORATE GOVERNANCE

Provision 13.1, 13.2, 13.3

Provision 13.1, 13.2 Stakeholders' Engagement
Provision 13.3 Corporate Website

The Board adopts an inclusive approach towards the needs and interests of material stakeholders to ensure that the best interests of the Group are served.

The Group maintains its corporate website at www.mewahgroup.com, to communicate and engage with stakeholders.

The Company does not practice selective disclosure of material information. All material information on the performance and development of the Group and of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNET and the Company's corporate website.

The updated corporate website contains various information on the Group and the Company which serves as an important resource for investors and all stakeholders. It has dedicated "Investor Relations" link which features the latest and past annual report, financial results, and related information.

The Annual Report sets out the Group's Forward Looking Strategy on page 22 to 23 and key areas of focus in managing stakeholder relationships in the Sustainability Report FY2022 to be published on 28 April 2023.

VI. OTHER CORPORATE GOVERNANCE MATTERS

Dealings in securities
- ***Listing Manual Rule 1207(19)***

The Group has adopted a Best Practice Code - Trading in Company's Securities. As per the policy, the Company issues memo to its directors, officers, and employees on the restrictions in dealings in listed securities of the Group during the period commencing one month before the announcement of half-year and full-year results, and if required, two weeks before the announcement of the Group's quarterly results. ln both scenarios, the prohibition will be lifted one business day after announcement of the results.

Directors, officers and employees are also reminded not to trade in listed securities of the Group at any time while in possession of unpublished price or trade sensitive information. Directors and all employees are also prohibited from trading in the Company's securities on short-term considerations, defined as 30 days from the last dealing; and in situations where the insider trading laws and rules would prohibit trading. Pursuant to the Securities and Future Act, Directors and the CEO are also required to report their dealing in the Company's securities within two business days from the trading day. The directors' interests in shares of the Company are disclosed on page 75 of this Report.

lnterested Persons Transactions (IPTs)
- ***Listing Manual Rule 907***

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudiced to the interests of the Group and its minority shareholders. The AC, as well as the Board, meets quarterly to review all the IPTs to ensure compliance with Chapter 9 of the Listing Manual of the SGX-ST.

CORPORATE GOVERNANCE

The Company's disclosures in respect of interested persons transactions for the financial year ended 31 December 2022 are as follow: -

Name of lnterested Person	Nature of relationship	Aggregate value of all IPTs during the period under review (excluding transactions less than S$100,000 and transaction conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
		FY 2022 US$'000	FY 2022 US$'000
Prelude Gateway Sdn. Bhd.	An associate of the Company	124	3,224
Ecolex Sdn. Bhd.	An associate of the Chairman	2,062	16,659
Containers Printers Pte Ltd	An associate of sibling of the Chairman	NIL	181
Nature lnternational Pte Ltd	An associate of sibling of the Chairman	3	NIL
Mr Cheo Seng Jin	Sibling of the Chairman	783	NIL
Mr Cheo Tiong Choon	Sibling of the Chairman	783	NIL
Futura lngredients Singapore Pte Ltd	An associate of the Chairman	11	NIL
Cheo @ Berrima	An associate of the Chairman	53	NIL
PT Mas Makmur	An associate of the Chairman	4	NIL

Material Contracts

- ***Listing Manual Rule 1207(8)***

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of the CEO, any director, or controlling shareholders subsisting at the end of financial year ended 31 December 2022 and no material contracts entered into since the end of the previous financial year.

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2022 and the balance sheet of the Company as at 31 December 2022.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 82 to 168 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this report are as follows:

Dr Cheo Tong Choon @ Lee Tong Choon
Ms Michelle Cheo Hui Ning
Ms Bianca Cheo Hui Hsin
Dr Foo Say Mui (Bill)
Mr Robert Loke Tan Cheng
Datuk Dr Fawzia Binti Abdullah
Tan Sri Dato' A Ghani Bin Othman

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	No. of ordinary shares			
	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2022	At 1.1.2022	At 31.12.2022	At 1.1.2022
Mewah International Inc				
Dr Cheo Tong Choon @ Lee Tong Choon	-	-	726,180,520	722,243,220
Ms Michelle Cheo Hui Ning	2,163,600	2,163,600	704,399,020	700,461,720
Ms Bianca Cheo Hui Hsin	2,460,100	2,460,100	705,825,020	701,887,720

(b) The directors' interests in the ordinary shares of the Company as at 21 January 2023 were the same as those as at 31 December 2022.

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Mr Robert Loke Tan Cheng (Chairman)
Datuk Dr Fawzia Binti Abdullah
Tan Sri Dato' A Ghani Bin Othman

All members of the Audit Committee were non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2022 before their submission to the Board of Directors.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

AUDIT COMMITTEE (continued)

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Dr Cheo Tong Choon @ Lee Tong Choon
Director

Ms Michelle Cheo Hui Ning
Director

1 March 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Mewah International Inc.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the accompanying consolidated financial statements of Mewah International Inc. (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with Singapore Financial Reporting Standards (International) ["SFRS(I)"] so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:
- the consolidated income statement of the Group for the financial year ended 31 December 2022;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the balance sheet of the Group as at 31 December 2022;
- the balance sheet of the Company as at 31 December 2022;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT

To the members of Mewah International Inc. (continued)

OUR AUDIT APPROACH

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How our audit addressed the Key Audit Matter**
Valuation of commodities forward contracts	
At 31 December 2022, the Group has recognised the following fair values of derivative financial assets/(liabilities) as disclosed in Note 16 to the financial statements: • Commodities forward contracts included within current assets: US$42,568,000 • Commodities forward contracts included within current liabilities: US$27,194,000 As these commodities forward contracts are not traded in an active market, the related fair values are estimated using a level 2 valuation technique as described in Note 34(e) to the financial statements. We focused on the valuation of the Group's commodities forward contracts because of the critical accounting estimates involved in determining the indicative market prices which are used in the valuation of these contracts, as disclosed in Note 3(a) to the financial statements.	We held discussions with management to understand the determination of the fair values of these commodities forward contracts. With the assistance of our internal valuation specialists, we assessed the appropriateness of the level 2 valuation technique adopted by management by evaluating the appropriateness of the valuation methodology and the basis of indicative market prices used by management. We also independently verified these indicative market prices to external sources. On a sample basis, we tested management's computation of the fair values of derivative financial assets/(liabilities). Based on the work performed, we found the valuation methodology to be appropriate and the indicative market prices used by management to be within acceptable range.

INDEPENDENT AUDITOR'S REPORT

To the members of Mewah International Inc. (continued)

OUR AUDIT APPROACH (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of certain property, plant and equipment ("PPE") of the Group	
At 31 December 2022, management has identified indications of impairment relating to certain PPE (manufacturing plant and manufacturing plant in progress) with total net book values of US$49,713,000 as disclosed in Note 3(c) to the financial statements. Accordingly, an assessment of the recoverable amount of the related PPE was carried out using value-in-use calculations, as disclosed in Note 3(c) to the financial statements. A total impairment charge of US$14,082,000 relating to the manufacturing plant in progress was recognised in the financial statements, which resulted in the carrying amount of these certain PPE being reduced to US$35,631,000 as at 31 December 2022. We focused on the impairment assessment of the PPE where indications of the impairment were identified because of the critical accounting estimates involved in estimating the revenue, discount rate, terminal growth rate and operating margin, which are the key assumptions used in the computation of the recoverable amount of the related PPE.	We held discussions with management to understand the basis of the assumptions used. We assessed the appropriateness of the valuation methodology and key assumptions based on our knowledge of the business and industry and with involvement of our valuation specialist. We tested management's source data to supporting evidence such as available market information, historical trends of other similar asset of the Group and considered the reasonableness of the cash flow projections. We evaluated management's sensitivity analysis to assess the impact on the recoverable amount of the related PPE by reasonable possible changes to the key assumptions. Based on the work performed, we found management's assessment to be appropriate.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT

To the members of Mewah International Inc. (continued)

OTHER INFORMATION (continued)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of financial statements in accordance with SFRS(I) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT

To the members of Mewah International Inc. (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Rebekah Khan.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 1 March 2023

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2022

	Note	**2022**	2021
		US$'000	US$'000
Revenue	4	**5,428,528**	4,348,818
Cost of sales		**(5,055,653)**	(4,025,770)
Gross profit		**372,875**	323,048
Other income	5	**6,145**	7,913
Other expenses and other losses (net)			
- Impairment losses on property, plant and equipment (net), and provision	6	**(20,708)**	(7,444)
- Other losses (net)	6	**(37,750)**	(16,487)
Reversal/(Provision) of expected credit losses		**1,597**	(5,129)
Expenses			
- Selling and distribution		**(60,460)**	(95,420)
- Administrative		**(100,479)**	(86,969)
- Finance	9	**(19,114)**	(9,740)
Share of loss of associated company	23	**(54)**	(27)
Profit before tax		**142,052**	109,745
Income tax expense	10(a)	**(28,989)**	(28,598)
Profit after tax		**113,063**	81,147
Profit/(Loss) after tax attributable to:			
Equity holders of the Company		**113,644**	80,171
Non-controlling interests		**(581)**	976
		113,063	81,147
Earnings per share attributable to equity holders of the Company (expressed in US cents per share)			
- Basic and diluted	12	**7.57**	5.34

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	2022 US$'000	2021 US$'000
Profit after tax		**113,063**	81,147
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from foreign subsidiaries			
- Losses		**(11,086)**	(4,849)
Other comprehensive loss, net of tax		**(11,086)**	(4,849)
Total comprehensive income		**101,977**	76,298
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**102,460**	75,216
Non-controlling interests		**(483)**	1,082
		101,977	76,298

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET - GROUP

As at 31 December 2022

	Note	2022 US$'000	2021 US$'000
ASSETS			
Current assets			
Inventories	13	**464,351**	492,577
Trade receivables	14	**499,717**	253,467
Other receivables	15	**128,967**	78,752
Current income tax recoverable	11	**874**	1,042
Derivative financial instruments	16(a)	**51,361**	49,360
Cash and bank balances	17	**102,849**	171,781
		1,248,119	1,046,979
Non-current assets			
Intangible asset	18	**6,000**	4,473
Property, plant and equipment	19	**440,607**	447,945
Investment in associated company	23	**498**	582
Deferred income tax assets	27	**779**	1,674
Derivative financial instruments	16(b)	**7**	897
		447,891	455,571
Total assets		**1,696,010**	1,502,550
LIABILITIES			
Current liabilities			
Trade payables	24	**151,527**	173,617
Other payables	25	**95,488**	82,999
Contract liabilities	4(b)	**19,660**	18,617
Lease liabilities	20(e)	**572**	367
Current income tax liabilities	11	**14,960**	7,958
Derivative financial instruments	16(a)	**55,047**	62,808
Borrowings	26	**443,259**	358,890
		780,513	705,256
Non-current liabilities			
Lease liabilities	20(e)	**8,798**	5,733
Deferred income tax liabilities	27	**34,421**	36,700
Borrowings	26	**97,520**	71,278
		140,739	113,711
Total liabilities		**921,252**	818,967
NET ASSETS		**774,758**	683,583

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET - GROUP

As at 31 December 2022

	Note	2022 US$'000	2021 US$'000
EQUITY			
Capital and reserves attributable to equity holders of the Company:			
Share capital	28	**1,501**	1,501
Share premium	28	**180,012**	180,012
Other reserves	29	**(48,931)**	(38,864)
Retained profits		**637,190**	533,985
		769,772	676,634
Non-controlling interests		**4,986**	6,949
Total equity		**774,758**	683,583

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET - COMPANY

As at 31 December 2022

	Note	**2022**	2021
		US$'000	US$'000
ASSETS			
Current assets			
Other receivables	15	**318,641**	307,640
Cash and bank balances	17	**770**	858
		319,411	308,498
Non-current assets			
Investments in subsidiaries	22	**849**	849
Derivative financial instruments	16(b)	**-**	1
		849	850
Total assets		**320,260**	309,348
LIABILITIES			
Current liabilities			
Other payables	25	**205**	211
Current income tax liabilities	11	**91**	110
		296	321
Non-current liabilities			
Deferred income tax liabilities	27	**1,363**	1,731
Total liabilities		**1,659**	2,052
NET ASSETS		**318,601**	307,296
EQUITY			
Capital and reserves attributable to equity holders of the Company:			
Share capital	28	**1,501**	1,501
Share premium	28	**180,012**	180,012
Other reserves	29	**3,509**	3,509
Retained profits	30	**133,579**	122,274
Total equity		**318,601**	307,296

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

		Attributable to equity holders of the Company									
	Note	Share capital	Share premium	Capital redemption reserve	Merger reserve	General reserve	Currency translation reserve	Retained profits	Total	Non-controlling interests	Total equity
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2022											
Balance at 1 January 2022		**1,501**	**180,012**	**3,509**	**(53,005)**	**(1,425)**	**12,057**	**533,985**	**676,634**	**6,949**	**683,583**
Profit/(Loss) for the year		-	-	-	-	-	-	113,644	113,644	(581)	113,063
Other comprehensive (loss)/ income for the year		-	-	-	-	-	(11,184)	-	(11,184)	98	(11,086)
Total comprehensive income/ (loss) for the year		**-**	**-**	**-**	**-**	**-**	**(11,184)**	**113,644**	**102,460**	**(483)**	**101,977**
Acquisition of non-controlling interest	29(b)(ii)	-	-	-	-	1,117	-	-	1,117	(1,237)	(120)
Dividends	31	-	-	-	-	-	-	(10,439)	(10,439)	(243)	(10,682)
Total transactions with owners, recognised directly in equity		**-**	**-**	**-**	**-**	**1,117**	**-**	**(10,439)**	**(9,322)**	**(1,480)**	**(10,802)**
Balance at 31 December 2022		**1,501**	**180,012**	**3,509**	**(53,005)**	**(308)**	**873**	**637,190**	**769,772**	**4,986**	**774,758**
2021											
Balance at 1 January 2021		**1,501**	**180,012**	**3,509**	**(53,005)**	**(1,425)**	**17,012**	**463,593**	**611,197**	**(868)**	**610,329**
Profit for the year		-	-	-	-	-	-	80,171	80,171	976	81,147
Other comprehensive (loss)/ income for the year		-	-	-	-	-	(4,955)	-	(4,955)	106	(4,849)
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**(4,955)**	**80,171**	**75,216**	**1,082**	**76,298**
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	6,872	6,872
Dividends	31	-	-	-	-	-	-	(9,779)	(9,779)	(137)	(9,916)
Total transactions with owners, recognised directly in equity		**-**	**-**	**-**	**-**	**-**	**-**	**(9,779)**	**(9,779)**	**6,735**	**(3,044)**
Balance at 31 December 2021		**1,501**	**180,012**	**3,509**	**(53,005)**	**(1,425)**	**12,057**	**533,985**	**676,634**	**6,949**	**683,583**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Note	**2022 US$'000**	2021 US$'000
Cash flows from operating activities			
Profit after tax		**113,063**	81,147
Adjustments for:			
- Income tax expense	10(a)	**28,989**	28,598
- Depreciation of property, plant and equipment	19	**27,182**	26,511
- Losses/(Gains) on disposal of property, plant and equipment	6	**251**	(375)
- Property, plant and equipment written off	6	**72**	14
- Impairment loss on property, plant and equipment - net	6	**20,708**	7,444
- Interest income	5	**(2,437)**	(2,671)
- Interest expense	9	**19,114**	9,740
- Share of loss of associated company	23	**54**	27
Operating cash flows before working capital changes		**206,996**	150,435
Changes in operating assets and liabilities:			
- Inventories		**4,794**	(205,388)
- Trade and other receivables		**(267,588)**	32,144
- Contract liabilities		**1,043**	4,655
- Trade and other payables		**(4,457)**	32,590
- Derivative financial instruments		**(9,183)**	3,697
Cash flows (used in)/generated from operations		**(68,395)**	18,133
Interest received		**2,437**	2,671
Interest paid		**(19,114)**	(9,740)
Income tax paid	11	**(21,302)**	(21,012)
Net cash flows used in operating activities		**(106,374)**	(9,948)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash and cash equivalents acquired	37	**(5,731)**	(13,282)
(Increase)/Decrease in advance payment of property, plant and equipment		**(4,464)**	249
Additions to property, plant and equipment	19	**(56,036)**	(25,111)
Proceeds from disposal of property, plant and equipment		**161**	531
Net cash flows used in investing activities		**(66,070)**	(37,613)
Cash flows from financing activities			
Acquisition of non-controlling interests		**(120)**	-
Increase in restricted short term bank deposits		**(651)**	-
Proceeds from long term borrowings		**58,609**	50,985
Repayment of long term borrowings		**(16,143)**	(14,214)
Net proceeds of short term borrowings		**80,026**	115,695
Repayment of lease liabilities		**(508)**	(477)
Dividends paid to equity holders of the Company	31	**(10,439)**	(9,779)
Dividends paid to non-controlling interests		**(243)**	(137)
Net cash flows from financing activities		**110,531**	142,073
Net change in cash and cash equivalents		**(61,913)**	94,512
Cash and cash equivalents at beginning of financial year		**171,781**	78,169
Effect of changes in exchange rate on cash and cash equivalents		**(7,670)**	(900)
Cash and cash equivalents at end of financial year		**102,198**	171,781

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Note	**2022 US$'000**	2021 US$'000
Represented by:			
Cash and bank balances	17	**102,849**	171,781
Less: Restricted short term bank deposits		**(651)**	-
Cash and cash equivalents per consolidated statement of cash flows		**102,198**	171,781

Reconciliation of liabilities arising from financing activities

				Non-cash changes		
	1 January 2022	**Proceeds from borrowings**	**Principal payments**	**Modification of lease liability**	**Foreign exchange movement**	**31 December 2022**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Borrowings	**430,168**	**138,635**	**(16,143)**	**-**	**(11,881)**	**540,779**
Lease liabilities	**6,100**	**-**	**(508)**	**3,816**	**(38)**	**9,370**

				Non-cash changes		
	1 January 2021	**Proceeds from borrowings**	**Principal payments**	**Remeasure-ment of lease liability**	**Foreign exchange movement**	**31 December 2021**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Borrowings	284,179	166,680	(14,214)	-	(6,477)	430,168
Lease liabilities	6,431	-	(477)	146	-	6,100

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Mewah International Inc. (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in the Cayman Islands. The address of its registered office is Harbour Place, 2nd Floor, 103 South Church Street, P.O. Box 472, George Town, Grand Cayman, KY1-1106, Cayman Islands. The principal place of business of the Company is at 5, International Business Park, #05-00, Mewah Building, Singapore 609914.

The principal activity of the Company is that of investment holding. The principal activities of its significant subsidiaries are disclosed in Note 41 of the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2022

On 1 January 2022, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Interest Rate Benchmark Reform – Phase 2

In the previous year, the Group has adopted the amendments to SFRS(I) 9, SFRS(I) 7 and SFRS(I) 16 *Interest Rate Benchmark Reform – Phase 2* effective 1 January 2021. In accordance with the transition provisions, the amendments were applied retrospectively to financial instruments. Comparative amounts have not been restated, and there was no impact on the prior period opening reserves amounts on adoption.

<u>Financial instruments measured at amortised cost</u>

Phase 2 of the amendments requires that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform ("IBOR reform") are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised.

These expedients are only applicable to changes that are required by IBOR reform, which is the case if, and only if, the change is necessary as a direct consequence of IBOR reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change.

<u>Effect of IBOR reform</u>

Following the global financial crisis, the reform and replacement inter-bank offered rates ("IBOR") has become a priority for global regulators. The Group's risk exposure that is directly affected by the IBOR reform predominantly comprises its variable rate borrowings that are linked to the USD London Interbank Offered Rate ("USD LIBOR").

USD LIBOR will cease publication after 30 June 2023 and is expected to be replaced by Secured Overnight Financing Rate ("SOFR"). The Group has a USD variable rate borrowing which references to USD LIBOR and matures after 30 June 2023.

The Group's communication with its debt counterparty is ongoing, but specific changes required by IBOR reform have not yet been agreed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Interest Rate Benchmark Reform – Phase 2 (continued)

Effect of IBOR reform (continued)

The expected transition from USD LIBOR to SOFR had no effect on the amounts reported for the current and prior financial years.

The following table contains details of the financial instrument that the Group holds as at 31 December 2022 which is referenced to USD LIBOR and has not yet transitioned to the new benchmark rate:

	Carrying amount	**Of which: Not yet transited to an alternative benchmark rate**
	US$'000	US$'000
Group		
31 December 2022		
Liabilities		
- Borrowings	**7,200**	**7,200**
31 December 2021		
Liabilities		
- Borrowings	11,200	11,200

Included in the variable rate borrowings is a 6-year floating-rate debt of US$7,200,000 (2021: US$11,200,000) whose interest rate is based on 1-month USD LIBOR.

2.2 Revenue

(a) Sale of goods

The Group produces and sells primarily vegetable-based edible oil and fat products. Sales are recognised at a point in time when control of the products has transferred to its customer, being when the right to payment accrues, significant risks and rewards of ownership are transferred, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(b) Shipping services

Revenue from shipping services is recognised in the accounting period in which the services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue (continued)

(c) Charter income

Revenue from time charter is recognised on a straight-line basis over the period of the time charter agreement.

Revenue from voyage charter is recognised rateably over the estimated length of the voyage within the reporting period and ends in subsequent reporting period.

The Group determines the percentage of completion of voyage freight using the load-to-discharge method. Under this method, voyage revenue is recognised rateably over the period from the departure of a vessel from the port of loading to departure from the discharge port.

Demurrage is included if a claim is considered probable.

(d) Interest income

Interest income is recognised using the effective interest method.

If payments by the customers are received before the sale of goods or shipping services, a contract liability is recognised.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to Note 2.25 for the subsequent accounting policy on goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) ***Subsidiaries*** (continued)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.5 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in general reserve within equity attributable to the equity holders of the Company.

(c) Associated company

Associated company is an entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investment in associated company is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) Associated company (continued)

(i) Acquisitions

Investment in associated company is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated company represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investment.

(ii) Equity method of accounting

Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise Group's share of its associated company's post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated company is recognised as a reduction of the carrying amount of the investment. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associated company are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. The accounting policies of associated company are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) ***Associated company*** (continued)

(iii) Disposals

Investment in associated company is derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to Note 2.5 for the accounting policy on investment in associated company in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) ***Measurement***

(i) Property, plant and equipment

All property, plant and equipment including mature plants are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Mature plants are living plants used in the production or supply of agricultural produce that are expected to bear produce for more than one period; covering activities that are necessary to cultivate the mature plants before they are in the location and condition necessary to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.7 on borrowing costs).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation

Freehold land and capital expenditure in progress (including immature plants) are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Freehold buildings	2%
Leasehold land and buildings	1% to 3% (Over the period of leases)
Plant and equipment	2% to 5%
Furniture, fixtures and office equipment	5% to 20%
Motor vehicles	20%
Vessels	4%
Mature plants	5%

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other expenses and other losses (net) – other losses (net)".

2.5 Investments in subsidiaries and associated company

Investments in subsidiaries and associated company are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Property, plant and equipment
Investments in subsidiaries and associated company

Property, plant and equipment and investments in subsidiaries and associated company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Impairment of non-financial assets (continued)

(b) Property, plant and equipment Investments in subsidiaries and associated company (continued)

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or production of qualifying assets that are financed by general borrowings.

2.8 Financial assets

(a) Classification and measurement

The Group classifies its financial assets as financial assets at amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets (continued)

(a) Classification and measurement (continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

<u>At initial recognition</u>

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

<u>At subsequent measurement</u>

Debt instruments

Debt instruments mainly comprise of cash and bank balances, and trade and other receivables.

Financial assets of the Group are subsequently measured as follows:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets (continued)

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(d) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

(a) amount initially recognised less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Derivative financial instruments

Derivative financial instruments comprise mainly of crude palm oil and palm oil products forward contracts, futures contracts and currency forward contracts.

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss within “cost of sales” when the changes arise.

Derivative financial instruments are reported in the financial statements on a net basis where legal right of setoff exists. Derivative financial instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

2.13 Fair value estimation of financial assets and liabilities

The Group’s commodities futures contracts are traded in active markets and their fair values take into consideration quoted prices at the balance sheet date in active markets such as Bursa Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Fair value estimation of financial assets and liabilities (continued)

The Group's commodities forward contracts are not traded in an active market and hence their fair values are estimated using a valuation technique as described in Note 34(e).

The fair values of currency forward contracts are determined using actively quoted forward exchange rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.14 Leases

(a) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

  Right-of-use assets are presented within "Property, plant and equipment".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Leases (continued)

(a) *When the Group is the lessee:* (continued)

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For a contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Leases (continued)

(a) When the Group is the lessee: (continued)

- Short term and low value leases

  The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(b) When the Group is the lessor:

The Group leases office space under operating leases to related and non-related parties.

- Lessor – Operating leases

  Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight -line basis over the lease term.

  Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

  Contingent rents are recognised as income in profit or loss when earned.

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on the weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated company, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits similar to accounting for other tax credits where a deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.19 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar ("US$") ("presentation currency"), which is the functional currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets, contract assets and financial liabilities.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses are presented in the income statement within "other (losses)/gains".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Management Committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.21 Cash and bank balances

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value.

2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share premium account.

2.23 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.24 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grant relating to job support scheme is presented as a deduction against the related expense which is employee compensation.

Government grants relating to assets are presented on the balance sheet under other payables as deferred income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Intangible assets

Goodwill

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Valuation of commodities forward contracts

The Group is exposed to fluctuations in the prices of agri-commodities it deals in, including crude palm oil and palm oil products. The Group minimises the risk arising from such fluctuations by entering into commodities forward contracts and futures contracts (Note 16). As the Group has not adopted hedge accounting, the fair value changes on these derivative financial instruments are recognised in the profit or loss when the changes arise.

The Group's commodities forward contracts are not traded in an active market and hence their fair values are estimated using a valuation technique as described in Note 34(e).

If the commodities forward prices had been higher or lower by 5% from the management's estimates and other variables remain constant, the Group's profit after tax would have been lower or higher by US$11,218,000 (2021: US$28,440,000) respectively, arising from the changes in the fair value of the commodities forward contracts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(b) Assessment of recoverability of past due trade receivables of the Group

Management reviews its trade receivables on a regular basis to identify specific trade receivables that are credit impaired and recognises a loss allowance equal to lifetime expected credit loss in respect of these receivables. For the remaining trade receivables, they are grouped based on similar risk characteristics and days past due to determine the expected credit loss rate to be applied. In calculating the expected credit loss rates, management considers historical loss rates and adjusts to reflect current and forward looking macro-economic factors affecting the ability of the customers to settle the receivables. Further details are disclosed in Note 34(b) to the financial statements.

Based on the assessment performed by management at 31 December 2022, the loss allowance recognised for specific trade receivables that are credit impaired amounted to US$9,378,000 (2021: US$15,356,000) (Note 14).

For the remaining trade receivables, management has assessed that the associated credit risks are insignificant.

(c) Impairment assessment of the Group's property, plant and equipment

Property, plant and equipment ("PPE") is tested for impairment whenever there are indications that these assets may be impaired. Management performs reviews to determine whether there are any indications of impairment in relation to the PPE held by the Group.

At 31 December 2022, management has identified indications of impairment relating to a manufacturing plant, a manufacturing plant in progress and a mature plantation of the Group. The net book value of the PPE relating to the manufacturing plant, manufacturing plant in progress and the mature plantation that was recognised on the balance sheet amounted to approximately US$35,631,000, US$14,082,000 and US$8,050,000 as at 31 December 2022 respectively.

The recoverable amounts of the identified PPE are determined based on the value-in-use calculations. The value-in-use calculations are based on a discounted cash flow model and requires the Group to make an estimate of the expected future cash flows from the continuing use of the PPE.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(c) *Impairment assessment of the Group's property, plant and equipment* (continued)

The key assumptions used in the value-in-use calculation that were subject to critical accounting estimates were relating to the estimation of the revenue, discount rate, terminal growth rate and operating margin as follows:

PPE	Manufacturing plant	Manufacturing plant in progress	Mature plantation
Revenue	Growth rate 6% to 7%	Utilisation growth rate 14% to 23%	Yield/Hectarage growth rate Nil to 4.3
Operating margin	2% to 2.4%	10% to 11%	1.1% to 11.2%
Discount rate (pre-tax)	10.7%	11.8%	13.5%
Terminal growth rate	3.2%	4.4%	5.0%

Operating margin is calculated as revenue, less cost of sales (excluding depreciation), selling and distribution expenses and foreign exchange gains/(losses).

As the recoverable amount determined by management is less than the net book value of the PPE, the Group has recognised an impairment charge during the financial year amounting to US$14,082,000 and US$8,050,000 in relation to the manufacturing plant in progress and the mature plantation respectively.

A reasonable possible change to any of the individual key assumptions as compared to management's estimates as listed above would have increased or decreased the impairment charge on the manufacturing plant and the Group's profit for the financial year ended 31 December 2022 as follows:

Manufacturing plant

Key assumptions	Change applied to management's estimate	Impact to impairment charge on PPE for the financial year ended 31 December 2022 (increase) US$'000	Change applied to management's estimate	Impact to impairment charge on PPE for the financial year ended 31 December 2022 (increase) US$'000
Revenue	1%	*	(1%)	110
Operating margin	1%	*	(1%)	620
Discount rate	5%	2,320	(5%)	*
Terminal growth rate	5%	*	(5%)	-

* No impairment charge was recognised in relation to the PPE during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(c) *Impairment assessment of the Group's property, plant and equipment* (continued)

Manufacturing plant in progress and mature plantation

A reasonable possible change to any of the individual key assumptions as compared to management's estimates as listed above would not have a material impact on the manufacturing plant in progress and mature plantation and the Group's profit for the financial year ended 31 December 2022.

(d) *Uncertain tax position of the Group*

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances, incentives and deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction. Where the final outcome of these matters is different from the amounts that were initially recorded, such as due to changes in tax rules or revised interpretations of existing tax laws and precedent, such differences will impact the income tax provisions in the corresponding periods.

(e) *Purchase price allocation for acquisition of business*

The acquisition is accounted for as a business combination which requires the identifiable assets and liabilities to be recognised at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair values to be recognised as goodwill.

The assets and liabilities are identified and valued through a purchase price allocation and is expected to be finalised within 12 months from date of acquisition.

In assessing the fair valuation of the identifiable assets acquired, management had engaged an external professional firm to perform the fair valuation of the property, plant and equipment acquired. The purchase price allocation is subject to a significant degree of judgement and critical accounting estimates required in the identification and fair valuation of the assets acquired and liabilities assumed.

The provisional amounts recognised are disclosed in Note 37.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines.

	Group		
	At a point in time	**Over time**	**Total**
	US$'000	US$'000	US$'000
2022			
Sale of vegetable oil products and bioenergy products in bulk	3,995,642	-	3,995,642
Sale of consumer products including edible oils and fats, dairy, soap and rice in consumer packs	1,294,184	-	1,294,184
Shipping services*	-	132,110	132,110
Charter income	-	6,592	6,592
Total	**5,289,826**	**138,702**	**5,428,528**
2021			
Sale of vegetable oil products and bioenergy products in bulk	3,214,027	-	3,214,027
Sale of consumer products including edible oils and fats, dairy, soap and rice in consumer packs	1,011,319	-	1,011,319
Shipping services*	-	116,788	116,788
Charter income	-	6,684	6,684
Total	4,225,346	123,472	4,348,818

* Shipping services relate to revenue earned arising from the delivery of products sold to customers.

Included in the sale of vegetable oil products in bulk is the subsidy received from the Malaysian government under the cooking oil price stabilisation scheme amounting to US$85,326,000 (2021: US$67,691,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

(b) Contract liabilities

	Group		
	31 December		1 January
	2022	2021	2021
	US$'000	US$'000	US$'000
Contract liabilities			
- Sale of goods contracts	**19,660**	18,617	13,962
Total contract liabilities	**19,660**	18,617	13,962

(i) Revenue recognised in relation to contract liabilities

	Group	
	2022	2021
	US$'000	US$'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
- Sale of goods contracts	**14,660**	4,335

(ii) Unsatisfied performance obligations

As permitted under SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less is not disclosed.

(c) Trade receivables from contracts with customers

	Group		
	31 December		1 January
	2022	2021	2021
	US$'000	US$'000	US$'000
Trade receivables from contracts with customers	**509,095**	268,823	296,029
Less: Allowance for expected credit losses	**(9,378)**	(15,356)	(13,154)
Trade receivables (net)	**499,717**	253,467	282,875

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. OTHER INCOME

	Group	
	2022	2021
	US$'000	US$'000
Interest income on bank deposits and others	**991**	840
Late interest charged on trade receivables	**1,446**	1,831
	2,437	2,671
Rental income	**309**	325
Commission income	**1**	1
Insurance claims	**1,493**	2,687
Other miscellaneous income	**1,905**	2,229
	6,145	7,913

Other miscellaneous income mainly comprises sales of scrap and waste.

6. OTHER EXPENSES AND OTHER LOSSES (NET)

	Group	
	2022	2021
	US$'000	US$'000
Other expenses		
- Impairment losses on property, plant and equipment - net (Note 19)	**(20,708)**	(7,444)
Other losses (net)		
- Foreign exchange losses - net	**(33,789)**	(16,912)
- (Loss)/Reversal of allowance on other receivables	**(3,637)**	64
- (Losses)/Gains on disposal of property, plant and equipment	**(251)**	375
- Property, plant and equipment written off	**(72)**	(14)
- Others	**(1)**	-
	(37,750)	(16,487)

In the current financial year, the Group carried out a review of the recoverable amount of certain property, plant and equipment at 31 December 2022 and assessed that there are indications of impairment loss. Accordingly, the management of the Group had estimated the recoverable amount of these property, plant and equipment at 31 December 2022 and recorded an impairment loss of US$22,132,000 (Note 3 (c)) (2021: US$7,464,000) in the consolidated income statement for the financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

7. EXPENSES BY NATURE

	Group	
	2022	2021
	US$'000	US$'000
Purchases of inventories	**4,895,893**	4,208,917
Changes in inventories	**(262)**	(205,201)
Gains from derivative financial instruments	**(49,417)**	(152,830)
Freight charges	**125,397**	106,420
Consultation fees	**3,866**	3,701
Transportation	**26,489**	24,634
Export duties	**19,599**	56,968
Insurance	**8,484**	6,399
Utilities	**16,293**	12,101
Rental on leases	**2,854**	3,179
Repair and maintenance	**10,434**	8,454
Employee compensation (Note 8)	**82,527**	72,211
Depreciation of property, plant and equipment (Note 19)	**27,182**	26,511
Bank charges	**4,683**	3,801
Inventories written down/(Reversal of inventories written down)	**5,056**	(187)
Audit fees		
- Auditors of the Company	**437**	398
- Other auditors*	**316**	278
Non-audit fees		
- Auditors of the Company	**84**	94
- Other auditors*	**173**	131
Others	**36,504**	32,180
Total cost of sales, selling and distribution and administrative expenses	**5,216,592**	4,208,159

* Includes the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

For the financial year ended 31 December 2022, the inventories written down mainly relate to inventories which were slow-moving.

For the financial year ended 31 December 2021, the reversal of inventories written down mainly relate to inventories previously written down that were sold above their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8. EMPLOYEE COMPENSATION

	Group	
	2022	2021
	US$'000	US$'000
Wages and Salaries	**73,760**	64,781
Employer's contributions to defined contribution plans	**5,735**	5,242
Other staff benefits	**3,032**	2,713
Less: Government grant	**-**	(525)
	82,527	72,211

In the previous financial year, Government grant of US$525,000 was recognised under the Jobs Support Scheme (the "JSS"). The JSS was a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. The scheme had been extended up to 2021 by the Government. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

9. FINANCE EXPENSES

	Group	
	2022	2021
	US$'000	US$'000
Interest expenses:		
- Bank borrowings	**19,114**	9,740

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

10. INCOME TAXES

(a) Income tax expense

	Group	
	2022	2021
	US$'000	US$'000
Tax expense attributable to profit was made up of:		
Current income tax		
- Singapore	**4,529**	1,424
- Foreign	**24,717**	22,719
	29,246	24,143
Deferred income tax	**1,470**	4,940
	30,716	29,083
Over provision in prior financial years		
- Current income tax (Note 11)	**(546)**	(4)
- Deferred income tax	**(1,181)**	(481)
	(1,727)	(485)
Income tax expense	**28,989**	28,598

The income tax on the Group's profit before tax differs from the theoretical amount that would arise using the domestic rates of income tax as explained below:

	Group	
	2022	2021
	US$'000	US$'000
Profit before tax	**142,052**	109,745
Tax calculated at domestic rates applicable to profits in the respective countries	**34,351**	25,646
Effects of:		
- Tax incentives	**(8,058)**	(2,188)
- Expenses not deductible for tax purposes	**7,778**	6,284
- Income not subject to tax	**(347)**	(302)
- Deferred tax benefits not recognised	**-**	601
- Utilisation of previously unrecognised tax losses	**(3,137)**	(1,046)
- Over provision of tax in prior financial years	**(1,727)**	(486)
- Others	**129**	89
	28,989	28,598

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

10. INCOME TAXES (continued)

(a) *Income tax expense* (continued)

Singapore and Malaysia, two of the Group's main tax jurisdictions, had headline corporate tax rates of 17% and 24% (2021: 17% and 24%) respectively. The Group enjoys certain tax incentives such as concessionary tax rate in Singapore, and Malaysia.

Over provision in prior financial years

For the financial year ended 31 December 2022 and 2021, the over provision of current income tax in respect of prior financial years mainly relates to the final tax outcome being different from the amounts that were originally estimated for capital allowances, incentives and the deductibility of certain expenses in the various tax jurisdictions.

11. CURRENT INCOME TAXES LIABILITIES

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Beginning of the year	**(6,916)**	(3,898)	**(110)**	(102)
Currency translation differences	**228**	81	**(1)**	(1)
Income tax paid	**21,302**	21,012	**490**	518
Tax expense (Note 10)	**(29,246)**	(24,143)	**(483)**	(501)
Over/(Under) provision in prior financial years (Note 10)	**546**	4	**13**	(24)
Acquisition of subsidiaries	**-**	28	**-**	-
End of the financial year	**(14,086)**	(6,916)	**(91)**	(110)
Represented by:				
At 31 December				
- Current income tax recoverable	**874**	1,042	**-**	-
- Current income tax liabilities	**(14,960)**	(7,958)	**(91)**	(110)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2022	2021
Net profit attributable to equity holders of the Company (US$'000)	**113,644**	80,171
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**1,500,667**	1,500,667
Basic earnings per share (US cents per share)	**7.57**	5.34

Diluted earnings per share was the same as the basic earnings per share for the financial years ended 31 December 2022 and 2021 as there were no potential dilutive ordinary shares outstanding.

13. INVENTORIES

	Group	
	2022	2021
	US$'000	US$'000
Raw materials	**167,197**	164,848
Finished goods	**286,650**	316,958
Stores, spares and consumables	**10,504**	10,771
	464,351	492,577

The cost of inventories recognised as an expense and included in "cost of sales" amounts to US$4,900,687,000 (2021: US$4,003,529,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

14. TRADE RECEIVABLES

	Group	
	2022	2021
	US$'000	US$'000
Trade receivables		
- Related parties [Note 35(a)]	**15,764**	15,647
- Non-related parties	**493,331**	253,176
	509,095	268,823
Less: Allowance for expected credit losses		
- Non-related parties [Note 34(b)]	**(9,378)**	(15,356)
Trade receivables - net	**499,717**	253,467

15. OTHER RECEIVABLES

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Loans to subsidiaries	**-**	-	**394,450**	369,330
Less: Allowance for expected credit losses	**-**	-	**(75,819)**	(62,309)
	-	-	**318,631**	307,021
Non-trade receivables				
- Related parties [Note 35(a)]	**50**	-	**-**	-
- Non-related parties	**27,644**	30,790	**-**	586
	27,694	30,790	**-**	586
Deposits	**59,436**	3,939	**-**	-
Prepayments	**41,837**	44,023	**10**	33
	128,967	78,752	**318,641**	307,640

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

15. OTHER RECEIVABLES (continued)

Group

As at 31 December 2022, non-trade receivables included US$5,701,000 (2021: US$4,934,000) refundable Goods and Service Tax, US$11,882,000 (2021: US$14,505,000) relating to subsidy receivable for cooking oil price stabilisation scheme.

As at 31 December 2022, deposits included US$58,634,000 (2021: US$2,776,000) paid to Bursa Malaysia Derivatives Clearing Bhd for commodity trading initial and variation margin payment.

As at 31 December 2022, prepayments included US$15,089,000 (2021: US$10,625,000) for capital expenditure and US$20,932,000 (2021:US$24,157,000) for purchase of raw materials.

Company

Loans to subsidiaries amounting to US$392,058,000 (2021: US$366,994,000) are unsecured, bear interests from 0.1% to 6.6% (2021: 0.1% to 6.8%) per annum and repayable on demand. The remaining amounts are unsecured, non-interest bearing and repayable on demand.

In the previous financial year , non-trade receivables relate to US$583,000 dividend receivable from the Company's wholly-owned subsidiary.

16. DERIVATIVE FINANCIAL INSTRUMENTS

Currency forward contracts are entered into by the Group to manage exposure to fluctuations in foreign currency exchange rates.

The Group enters into commodities forward contracts and futures contracts to protect the Group from movements in market prices, primarily in crude palm oil and palm oil products by establishing the price at which the products will be sold or purchased.

(a) Current portion

	Contract notional amount	Group Fair values	
		Asset	**Liability**
	US$'000	US$'000	US$'000
31 December 2022			
Currency forward contracts [Note 34(e)]	**881,672**	8,793	(10,605)
Commodities forward contracts [Note 34(e)]	**997,767**	42,568	(27,194)
Futures contracts on commodity exchange [Note 34(e)]	**630,909**	-	(17,248)
Total		**51,361**	**(55,047)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

16. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Current portion (continued)

	Contract notional amount	Group Fair values	
		Asset	**Liability**
	US$'000	US$'000	US$'000
31 December 2021			
Currency forward contracts [Note 34(e)]	982,237	8,158	(1,897)
Commodities forward contracts [Note 34(e)]	1,117,136	25,308	(60,911)
Futures contracts on commodity exchange [Note 34(e)]	406,029	15,894	-
Total		**49,360**	**(62,808)**

(b) Non-current portion

	Contract notional amount	Group Fair values	
		Asset	**Liability**
	US$'000	US$'000	US$'000
31 December 2022			
Futures contracts on commodity exchange [Note 34(e)]	**394**	**7**	**-**
31 December 2021			
Futures contracts on commodity exchange [Note 34(e)]	17,704	897	-

	Contract notional amount	Company Fair values	
		Asset	**Liability**
	US$'000	US$'000	US$'000
31 December 2022			
Currency forward contracts [Note 34(e)]	**-**	**-**	**-**
31 December 2021			
Currency forward contracts [Note 34(e)]	268	1	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

17. CASH AND BANK BALANCES

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Cash at bank and on hand	**100,106**	94,260	**766**	854
Short-term bank deposits	**2,743**	77,521	**4**	4
	102,849	171,781	**770**	858

For the purposes of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2022	2021
	US$'000	US$'000
Cash and bank balances (as above)	**102,849**	171,781
Less: Restricted short term bank deposits	**(651)**	-
Cash and cash equivalents per consolidated statement of cash flows	**102,198**	171,781

Please refer to Note 37 for the effects of acquisition of subsidiaries in the cash flow of the Group.

18. INTANGIBLE ASSET

	Group	
	2022	2021
	US$'000	US$'000
Goodwill arising from acquisition of subsidiaries		
Beginning of financial year	**4,473**	970
Acquisition of subsidiaries	**-**	3,503
End of financial year	**4,473**	4,473
Intangible asset arising from acquisition of subsidiaries		
Beginning of financial year	**-**	-
Acquisition of a subsidiary (Note 37)	**1,527**	-
End of financial year	**1,527**	-
Total	**6,000**	4,473

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

18. INTANGIBLE ASSET (continued)

In the current financial year, the Group completed the acquisition of 100% of the issued equity of PT Simpang Kanan Lestarindo ("PTSKL"), an Indonesian company which owns and operates facilities in palm oil business, from non-related parties, through its wholly owned subsidiaries, PT Agro Perkasa, a company incorporated in Indonesia and Cavenagh Oleo (S) Pte Ltd, a company incorporated in Singapore with total purchase consideration of US$5,731,000.

The assets and liabilities are identified and valued through a purchase price allocation which is expected to be finalised within 12 months from the date of acquisition. The identifiable assets and liabilities are recognised at their provisional amounts in the current financial year.

Impairment tests for goodwill

Goodwill arising from business combinations have been allocated to the respective cash-generating units ("CGUs"). The carrying amount of goodwill allocated to Jambi and PT Able businesses amounts to US$970,000 and US$3,503,000 respectively.

The recoverable amount of the CGUs was determined based on its value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. The discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

Discount rate (pre-tax)	13.5%
Terminal growth rate	5.1%

The terminal growth rate used is consistent with the forecast included in industry reports and did not exceed the long-term average growth rate for the business in which the CGUs operates. The discount rate used was pre-tax and reflected specific risks relevant to the CGUs.

Based on the recoverable amounts determined by management, no impairment for the goodwill was deemed necessary as at 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Furniture, fixtures and office equipment	Motor vehicles	Vessels	Mature plants	Capital expenditure in progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group									
2022									
Cost									
Beginning of financial year	24,059	150,086	435,883	24,967	9,190	12,390	12,957	52,715	722,247
Currency translation differences	(1,226)	(6,839)	(23,175)	(857)	(345)	-	(2,018)	(674)	(35,134)
Additions	3,230	2,048	7,247	2,000	675	1,814	-	39,022	56,036
Acquisition of a subsidiary (Note 37)	-	1,282	3,938	-	2	-	-	-	5,222
Remeasurement of lease liability	-	3,399	-	-	417	-	-	-	3,816
Disposals	-	(99)	(1,350)	(332)	(260)	-	-	-	(2,041)
Write off	-	(897)	(659)	(621)	(48)	(1,217)	-	-	(3,442)
Reclassification	91	3,333	4,044	(332)	-	414	(1,058)	(6,492)	-
End of financial year	26,154	152,313	425,928	24,825	9,631	13,401	9,881	84,571	746,704
Accumulated depreciation									
Beginning of financial year	3,633	34,732	174,753	18,806	5,974	4,022	472	-	242,392
Currency translation differences	(189)	(1,408)	(8,622)	(537)	(198)	-	(142)	-	(11,096)
Depreciation charge (Note 7)	555	3,117	18,715	1,503	1,199	1,415	678	-	27,182
Disposals	-	(99)	(947)	(323)	(260)	-	-	-	(1,629)
Write off	-	(896)	(619)	(620)	(18)	(1,217)	-	-	(3,370)
Reclassification	-	-	89	(89)	-	-	-	-	-
End of financial year	3,999	35,446	183,369	18,740	6,697	4,220	1,008	-	253,479
Accumulated impairment losses									
Beginning of financial year	-	1,261	69	247	66	-	2,816	27,451	31,910
Impairment losses (Note 6)	-	17,318	(24)	-	-	-	3,999	(585)	20,708
End of financial year	-	18,579	45	247	66	-	6,815	26,866	52,618
Net book value									
End of financial year	**22,155**	**98,288**	**242,514**	**5,838**	**2,868**	**9,181**	**2,058**	**57,705**	**440,607**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

19. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land and buildings US$'000	Leasehold land and buildings US$'000	Plant and equipment US$'000	Furniture, fixtures and office equipment US$'000	Motor vehicles US$'000	Vessels US$'000	Mature plants US$'000	Capital expenditure in progress US$'000	Total US$'000
Group									
2021									
Cost									
Beginning of financial year	23,875	146,815	402,081	24,853	8,371	12,154	5,921	73,244	697,314
Currency translation differences	(863)	(2,728)	(14,695)	(451)	(148)	-	(48)	(272)	(19,205)
Additions	47	1,548	4,748	1,658	1,912	356	-	14,842	25,111
Acquisition of subsidiaries	-	5,653	5,695	18	50	-	-	10,030	21,446
Remeasurement of lease liability	-	127	-	-	-	-	-	-	127
Disposals	-	(151)	(580)	(545)	(971)	-	-	-	(2,247)
Write off	-	-	(147)	(126)	(26)	-	-	-	(299)
Reclassification	1,000	(1,178)	38,781	(440)	2	(120)	7,084	(45,129)	-
End of financial year	24,059	150,086	435,883	24,967	9,190	12,390	12,957	52,715	722,247
Accumulated depreciation									
Beginning of financial year	3,196	34,474	159,696	18,591	6,037	2,726	304	-	225,024
Currency translation differences	(118)	(2,955)	(2,944)	(621)	(116)	-	(13)	-	(6,767)
Depreciation charge (Note 7)	555	3,232	18,704	1,504	1,039	1,296	181	-	26,511
Disposals	-	(19)	(559)	(542)	(971)	-	-	-	(2,091)
Write off	-	-	(144)	(126)	(15)	-	-	-	(285)
End of financial year	3,633	34,732	174,753	18,806	5,974	4,022	472	-	242,392
Accumulated impairment losses									
Beginning of financial year	-	1,261	21	247	66	-	-	22,871	24,466
Reclassification	-	-	-	-	-	-	1,888	(1,888)	-
Impairment losses (Note 6)	-	-	48	-	-	-	928	6,468	7,444
End of financial year	-	1,261	69	247	66	-	2,816	27,451	31,910
Net book value									
End of financial year	20,426	114,093	261,061	5,914	3,150	8,368	9,669	25,264	447,945

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Right-of-use ("ROU") assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 20(a).

(b) As at 31 December 2022, bank borrowings (Note 26) are secured on property, plant and equipment of the Group with carrying amounts of US$210,436,000 (2021: US$176,218,000).

(c) Interest capitalised within capital expenditure in progress amounted to US$449,000 (2021: US$277,000) for the financial year ended 31 December 2022.

20. LEASES – THE GROUP AS A LESSEE

Nature of the Group's leasing activities

Property

The Group leases office space, warehouse for the purpose of back office operations, refining and selling vegetable oil products and dairy-based products.

Leasehold land

The Group makes monthly lease payments for leasehold land. The right-of-use of the land is recognised within property, plant and equipment (Note 19).

There is no externally imposed covenant on these lease arrangements.

Equipment and vehicles

The Group leases motor vehicles and equipment to render logistic services. The lease arrangements prohibit the Group from subleasing the equipment to third parties.

(a) Carrying amounts

ROU assets classified within Property, plant and equipment

	2022	2021
	US$'000	US$'000
Group		
Leasehold land and buildings	**69,063**	70,781
Plant and equipment	**-**	10
Motor vehicles	**321**	4
Total	**69,384**	70,795

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

20. LEASES – THE GROUP AS A LESSEE (continued)

(b) Depreciation charge during the year

	2022 US$'000	2021 US$'000
Group		
Leasehold land and buildings	**2,216**	2,330
Plant and equipment	**10**	10
Motor vehicles	**100**	7
Total	**2,326**	2,347

(c) Interest expense

	2022 US$'000	2021 US$'000
Group		
Interest expense on lease liabilities	**366**	277

(d) Lease expense not capitalised in lease liabilities

	2022 US$'000	2021 US$'000
Group		
Lease expense – short-term leases	**1,786**	3,040
Lease expense – low-value leases	**1,068**	139
Total (Note 7)	**2,854**	3,179

(e) Lease liabilities

	2022 US$'000	2021 US$'000
Group		
Current		
Lease liabilities	**572**	367
Non-current		
Lease liabilities	**8,798**	5,733

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

20. LEASES – THE GROUP AS A LESSEE (continued)

(f) Total cash outflow for all the leases in 2022 was US$3,728,000 (2021: US$3,933,000).

(g) Addition of ROU assets during the financial year 2022 was US$4,363,000 (2021: US$3,758,000).

(h) Future cash outflow which are not capitalised in lease liabilities:

Extension options

i. Extension option exercisable by the Group

The lease for certain asset contains extension period, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise the extension option. The Group negotiates extension option to optimise operational flexibility in terms of managing the assets used in the Group's operations. The extension option is exercisable by the Group and not by the lessor.

ii. Extension option subject to terms and conditions

The lease for certain asset contains extension period, for which the related lease payments had not been included in lease liabilities as the option to extend is subject to the approval of the lessor.

21. LEASES – THE GROUP AS A LESSOR

Nature of the Group's leasing activities – Group as a lessor

The Group has leased out office space to non-related parties for monthly lease payments. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from leasing of office space is disclosed in Note 5.

Maturity analysis of lease payments – Group as a lessor

The table below discloses the undiscounted lease payments to be received by the Group for its leases after the reporting date as follows:

	2022	2021
	US$'000	US$'000
Less than one year	**140**	147
One to two years	**-**	3
Total undiscounted lease payment	**140**	150

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

22. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022	2021
	US$'000	US$'000
Equity investments at cost		
Beginning and end of financial year	**849**	849

Details of the significant subsidiaries are included in Note 41. There are no subsidiaries with non-controlling interest that are material to the Group as at 31 December 2022 and 2021.

23. INVESTMENTS IN ASSOCIATED COMPANY

	Group	
	2022	2021
	US$'000	US$'000
Equity investment at cost		
Beginning of financial year	**582**	667
Share of losses	**(54)**	(27)
Currency translation differences	**(30)**	(58)
End of financial year	**498**	582

The summarised financial information of the associated company, not adjusted for the proportion ownership interest held by the Group, was as follows:

	Group	
	2022	2021
	US$'000	US$'000
Assets	**1,399**	1,473
Liabilities	**(383)**	(285)
Carrying value of associated company	**1,016**	1,188
Effective interest rate of the Group in associated company	**49%**	49%
Carrying value of group's interest in associated company	**498**	582

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

23. INVESTMENTS IN ASSOCIATED COMPANY (continued)

	Group	
	2022	2021
	US$'000	US$'000
Revenue	**3,896**	3,662
Net loss and total comprehensive loss	**(111)**	(56)
Effective interest rate of the Group in associated company	**49%**	49%
Share of loss of associated company	**(54)**	(27)

In the opinion of management, the associated company is not material to the Group.

24. TRADE PAYABLES

	Group	
	2022	2021
	US$'000	US$'000
Trade payables		
- Related parties [Note 35(a)]	**336**	307
- Non-related parties	**151,191**	173,310
	151,527	173,617

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

25. OTHER PAYABLES

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Non-trade payables				
- Associated company	**955**	693	**-**	-
- Non-related parties	**42,865**	38,975	**-**	-
	43,820	39,668	**-**	-
Deferred income	**10,367**	5,926	**-**	-
Accrual for operating expenses	**36,577**	33,164	**205**	211
Provision for legal claim	**4,724**	4,241	**-**	-
	95,488	82,999	**205**	211

Non-trade amounts due to associated company and related parties relate mainly to forwarding services and rental of premises, and are unsecured, interest-free and repayable on demand.

Provision for legal claim mainly relates to a legal claim in relation to certain project construction contractual disputes between its wholly-owned subsidiary, and a contractor. The legal proceedings are still ongoing as at 31 December 2022.

26. BORROWINGS

	Group	
	2022	2021
	US$'000	US$'000
Current		
Bank borrowings:		
- Trade financing	**415,156**	343,515
- Revolving credit	**1,589**	1,755
- Hire purchase	**498**	493
- Term loans	**26,016**	13,127
	443,259	358,890
Non-current		
Bank borrowings:		
- Hire purchase	**1,509**	2,102
- Term loans	**96,011**	69,176
	97,520	71,278
Total borrowings	**540,779**	430,168

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

26. BORROWINGS (continued)

(a) *Securities granted*

Total borrowings include secured liabilities of US$107,962,000 (2021: US$74,083,000). The borrowings of the Group are secured by certain property, plant and equipment as disclosed in Note 19(b).

(b) *Fair value of non-current borrowings*

The fair value of non-current borrowings approximated the carrying value of the non-current borrowings at the balance sheet date as they bear interests at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements, which management expects to be available to the Group.

27. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The amounts, determined after appropriate offsetting, were shown on the balance sheet as follows:

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Deferred income tax assets	**779**	1,674	**-**	-
Deferred income tax liabilities	**(34,421)**	(36,700)	**(1,363)**	(1,731)

Movement in the net deferred income tax account is as follows:

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Beginning of financial year	**(35,026)**	(30,910)	**(1,731)**	(2,150)
Currency translation differences	**1,673**	1,090	**-**	-
Tax (charged)/credited to				
- Profit or loss	**(289)**	(4,459)	**368**	419
Acquisition of subsidiaries	**-**	(747)	**-**	-
End of financial year	**(33,642)**	(35,026)	**(1,363)**	(1,731)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

27. DEFERRED INCOME TAXES (continued)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) was as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation	Revaluation of property, plant and equipment	Unremitted foreign income	Unrealised gains on derivative financial instruments	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2022						
At 1 January 2022	(34,975)	(557)	(1,882)	(962)	(1,256)	(39,632)
Currency translation differences	1,760	-	-	74	-	1,834
(Charged)/Credited to						
- Profit or loss	(4,810)	-	368	(1,724)	(6)	(6,172)
End of financial year	**(38,025)**	**(557)**	**(1,514)**	**(2,612)**	**(1,262)**	**(43,970)**
2021						
At 1 January 2021	(34,959)	(557)	(2,301)	-	(509)	(38,326)
Currency translation differences	1,246	-	-	-	-	1,246
(Charged)/Credited to						
- Profit or loss	(1,262)	-	419	(962)	-	(1,805)
Acquisition of subsidiaries	-	-	-	-	(747)	(747)
End of financial year	(34,975)	(557)	(1,882)	(962)	(1,256)	(39,632)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

27. DEFERRED INCOME TAXES (continued)

Group (continued)

Deferred income tax assets

	Unutilised tax losses	Unutilised reinvestment allowance	Unrealised losses on derivative financial instruments	Provision and others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
2022					
Beginning of financial year	53	858	-	3,695	4,606
Currency translation differences	11	(41)	-	(131)	(161)
Credited to					
- Profit or loss	3,658	614	-	1,611	5,883
End of financial year	**3,722**	**1,431**	**-**	**5,175**	**10,328**
2021					
Beginning of financial year	-	2,010	1,908	3,498	7,416
Currency translation differences	-	(66)	(54)	(36)	(156)
Credited/(Charged) to					
- Profit or loss	53	(1,086)	(1,854)	233	(2,654)
End of financial year	53	858	-	3,695	4,606

Deferred income tax assets are recognised for unutilised tax losses and unutilised investment allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The unrecognised unutilised tax losses amounted to approximately US$20,199,000 as at 31 December 2022 (2021: US$38,108,000) and have no expiry dates except for US$14,001,000 (2021: US$17,394,000) which would expire between 2023 to 2027 (2021: 2022 to 2026) and US$4,445,000 (2021: US$18,664,000) which would expire between 2028 to 2030 (2021: 2027 to 2029). These unrecognised unutilised tax losses can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unutilised tax losses in their respective countries of incorporation. In addition, a foreign subsidiary has unrecognised unutilised investment allowance of US$59,803,000 as at 31 December 2022 (2021: US$63,062,000) with no expiry date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

27. DEFERRED INCOME TAXES (continued)

Company

Deferred income tax liabilities

	Unremitted foreign income	
	2022	2021
	US$'000	US$'000
Beginning of financial year	**(1,731)**	(2,150)
Credited to		
- Profit or loss	**368**	419
End of financial year	**(1,363)**	(1,731)

28. SHARE CAPITAL AND SHARE PREMIUM

	No. of ordinary shares		Amount		
	Authorised share capital at par value of US$0.001	**Issued share capital at par value of US$0.001**	**Authorised share capital at par value of US$0.001**	**Share capital at par value of US$0.001**	**Share premium**
	'000	'000	US$'000	US$'000	US$'000
Group and Company					
2022					
Beginning and end of financial year, ordinary shares at par value, US$0.001	**30,000,000**	**1,500,667**	**30,000**	**1,501**	**180,012**
2021					
Beginning and end of financial year, ordinary shares at par value, US$0.001	30,000,000	1,500,667	30,000	1,501	180,012

All issued ordinary shares were fully paid. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

29. OTHER RESERVES

	Group	
	2022	2021
	US$'000	US$'000
(a) Composition:		
Merger reserve	**(53,005)**	(53,005)
General reserve	**(308)**	(1,425)
Currency translation reserve	**873**	12,057
Capital redemption reserve	**3,509**	3,509
	(48,931)	(38,864)

	Company	
	2022	2021
	US$'000	US$'000
Composition:		
Capital redemption reserve	**3,509**	3,509

Merger reserve represents the difference between the cost of investment (equivalent to the net asset value) and nominal value of share capital of the merged subsidiaries.

General reserve represents the difference between the carrying amounts of the non-controlling interest and the fair value of the consideration paid.

Capital redemption reserve represents the difference between the nominal value of the shares repurchased and fair value of the consideration paid.

Other reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

29. OTHER RESERVES (continued)

	Note	Group 2022 US$'000	Group 2021 US$'000
(b) Movements			
(i) Merger reserve			
Beginning and end of financial year		**(53,005)**	(53,005)
(ii) General reserve			
Beginning of financial year		**(1,425)**	(1,425)
Acquisition of non-controlling interests*		**1,117**	-
End of financial year		**(308)**	(1,425)
(iii) Currency translation reserve			
Beginning of financial year		**12,057**	17,012
Net currency translation differences of foreign subsidiaries		**(11,086)**	(4,849)
Less: Non-controlling interests		**(98)**	(106)
		(11,184)	(4,955)
End of financial year		**873**	12,057

	Group and Company 2022 US$'000	Group and Company 2021 US$'000
(iv) Capital redemption reserve		
Beginning and end of financial year	**3,509**	3,509

* In the current financial year ended 31 December 2022, the Group acquired shares from its non-controlling shareholders at a total consideration of US$120,000. The carrying amount of the non-controlling interest amounted to US$1,237,000, resulting in a US$1,117,000 decrease in general reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

30. RETAINED PROFITS

Movement in retained profits for the Company was as follows:

	Company	
	2022	2021
	US$'000	US$'000
Beginning of financial year	**122,274**	115,877
Total comprehensive income for the financial year	**21,744**	16,176
Dividends (Note 31)	**(10,439)**	(9,779)
End of financial year	**133,579**	122,274

31. DIVIDENDS

	Group and Company	
	2022	2021
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt one-tier dividend of S$0.0081 for 2021 (2020: S$0.0060) per share	**8,806**	6,784
- Interim exempt one-tier dividend of S$0.0015 for 2022 (2021: S$0.0027) per share	**1,633**	2,995
	10,439	9,779
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
- Final exempt one-tier dividend of S$0.0140 for 2022 (2021: S$0.0081) per share	**15,237**	9,005

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. CONTINGENT LIABILITIES

Group

In the current financial year, one of the wholly owned subsidiaries of the Company received notices from local land authorities in relation to revised project completion timelines and potential penalties due to delay in their manufacturing plant project. The project is currently suspended due to an ongoing arbitration with their contractor. Based on the legal advice obtained, the penalties, if any, is dependent on the local land authorities' judgment and decision based on the reasons for extension of the project. As of 31 December 2022, no provisions have been made for the penalties as the outcome is not presently determinable.

Company

The Company has issued unsecured corporate guarantees to banks for borrowings to certain subsidiaries. As at 31 December 2022, the borrowings under the guarantees amounted to US$501,084,000 (2021: US$427,448,000). The financial effects of SFRS(I) 9 relating to the financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised. The management does not expect any loss to arise from the guarantees.

33. COMMITMENTS

Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2022	2021
	US$'000	US$'000
Property, plant and equipment	**56,530**	52,175

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, commodity price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forward contracts, commodities forward and futures contracts of crude palm oil and palm oil products to hedge certain financial risk exposures.

Financial risk management is carried out by the Executive Risk Management Team in accordance with the policies set by the Board of Directors. The Executive Risk Management Team works closely with the Group's operating units in identifying, evaluating and managing financial risks. Regular reports are submitted to the Board of Directors.

(a) Market risk

(i) Currency risk

The Group's revenue is denominated primarily in United States Dollar ("USD"), the functional and reporting currency of the Company. There are some exposures in other currencies, the most significant of which are the Malaysian Ringgit ("Ringgit"), Euro ("EUR"), Singapore Dollar ("SGD"), Australian Dollar ("AUD"), Indonesian Rupiah ("IDR") and Chinese Yuan ("CNY"). Currency risk arises within entities in the Group when transactions are denominated in currencies other than the entities' functional currencies.

The Group's risk management strategy provides for the use of currency forward contracts to hedge its future committed foreign exchange exposures, if necessary.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. FINANCIAL RISK MANAGEMENT (continued)

(a) ***Market risk*** (continued)

(i) *Currency risk* (continued)

The Group's currency exposure based on the information provided to key management was as follows:

	USD* US$'000	Ringgit US$'000	EUR US$'000	SGD US$'000	AUD US$'000	IDR US$'000	CNY US$'000
At 31 December 2022							
Financial assets							
Cash and bank balances	14,224	38,841	6,603	6,094	211	6,425	606
Trade and other receivables	16,693	126,331	103,119	5,580	5,628	7,915	4,145
Intercompany receivables	79,345	224,551	174,363	97	7,627	20,132	11,546
	110,262	389,723	284,085	11,771	13,466	34,472	16,297
Financial liabilities							
Borrowings	-	(292,909)	-	(12,885)	-	(4,895)	-
Lease liabilities	-	(1,357)	-	(7,230)	(475)	-	(169)
Trade and other payables	(13,577)	(113,190)	(7,447)	(14,559)	(592)	(8,199)	(6,047)
Intercompany payables	(285,736)	(224,551)	(174,363)	(97)	(7,627)	(20,131)	(11,546)
	(299,313)	(632,007)	(181,810)	(34,771)	(8,694)	(33,225)	(17,762)
Net financial (liabilities)/ assets	(189,051)	(242,284)	102,275	(23,000)	4,772	1,247	(1,465)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	238,771	(47,493)	51,508	(5,010)	2,004	(16,786)	(8,043)
Less: Currency forward contracts	(137,534)	276,829	(251,412)	13,154	(13,711)	-	(10,262)
Currency profile	(87,814)	(12,948)	(97,629)	(14,856)	(6,935)	(15,539)	(19,770)
Financial liabilities/ (assets) denominated in the respective entities' functional currencies	-	2,196	92,418	2,394	4,390	35,049	22,700
Currency exposure of financial (liabilities) / assets net of those denominated in the respective entities' functional currencies	**(87,814)**	**(10,752)**	**(5,211)**	**(12,462)**	**(2,545)**	**19,510**	**2,930**

* This relates to the Group's exposure to USD arising from subsidiaries with Ringgit functional currency.

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For the financial year ended 31 December 2022

34. FINANCIAL RISK MANAGEMENT (continued)

(a) *Market risk* (continued)

(i) *Currency risk* (continued)

The Group's currency exposure based on the information provided to key management was as follows: (continued)

	USD* US$'000	Ringgit US$'000	EUR US$'000	SGD US$'000	AUD US$'000	IDR US$'000	CNY US$'000
At 31 December 2021							
Financial assets							
Cash and bank balances	3,995	107,455	8,447	2,223	251	4,243	336
Trade and other receivables	11,202	87,112	37,046	8,015	4,500	6,501	3,531
Intercompany receivables	105,049	239,472	137,636	56	2,948	12,946	4,488
	120,246	434,039	183,129	10,294	7,699	23,690	8,355
Financial liabilities							
Borrowings	-	(255,628)	-	(10,815)	-	-	-
Lease liabilities	-	(662)	-	(4,565)	(680)	-	(32)
Trade and other payables	(10,088)	(153,728)	(14,015)	(12,516)	(397)	(10,465)	(1,953)
Intercompany payables	(375,210)	(239,472)	(137,636)	(56)	(2,948)	(12,946)	(4,488)
	(385,298)	(649,490)	(151,651)	(27,952)	(4,025)	(23,411)	(6,473)
Net financial (liabilities)/ assets	(265,052)	(215,451)	31,478	(17,658)	3,674	279	1,882
Add: Firm commitments and highly probable forecast transactions in foreign currencies	399,462	(308,203)	3,629	(4,609)	-	-	(9,832)
Less: Currency forward contracts	(372,947)	407,799	(146,514)	9,916	(10,406)	-	(3,849)
Currency profile	(238,537)	(115,855)	(111,407)	(12,351)	(6,732)	279	(11,799)
Financial liabilities/ (assets) denominated in the respective entities' functional currencies	-	127,939	53,254	3,268	(1,767)	11,541	13,282
Currency exposure of financial (liabilities) / assets net of those denominated in the respective entities' functional currencies	(238,537)	12,084	(58,153)	(9,083)	(8,499)	11,820	1,483

* This relates to the Group's exposure to USD arising from subsidiaries with Ringgit functional currency.

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For the financial year ended 31 December 2022

34. FINANCIAL RISK MANAGEMENT (continued)

(a) ***Market risk*** (continued)

(i) *Currency risk* (continued)

The Company's currency exposure based on the information provided to key management was as follows:

	SGD US$'000	IDR US$'000
At 31 December 2022		
Financial assets		
Cash and bank balances	150	-
Other receivables	-	9,929
	150	9,929
Financial liabilities		
Other payables	(205)	-
Net financial (liabilities)/assets	(55)	9,929
Currency profile/currency exposure of financial (liabilities)/ assets net of those denominated in the Company's functional currency	**(55)**	**9,929**
At 31 December 2021		
Financial assets		
Cash and bank balances	74	-
Other receivables	1	9,461
	75	9,461
Financial liabilities		
Other payables	(211)	-
Net financial (liabilities)/assets	(136)	9,461
Less: Currency forward contracts	229	-
Currency profile/currency exposure of financial assets net of those denominated in the Company's functional currency	93	9,461

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. FINANCIAL RISK MANAGEMENT (continued)

(a) *Market risk* (continued)

(i) *Currency risk* (continued)

If Ringgit, EUR, SGD, AUD, IDR and CNY change by 5% (2021: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the financial asset/liability position net of those denominated in the respective entities' functional currencies are as follows:

	Profit after tax Increase/(Decrease)	
	US$'000	US$'000
	Strengthened	**Weakened**
Group		
31 December 2022		
USD against Ringgit	**(3,495)**	**3,495**
Ringgit against USD	**(428)**	**428**
EUR against USD	**(207)**	**207**
SGD against USD	**(496)**	**496**
AUD against USD	**(101)**	**101**
IDR against USD	**776**	**(776)**
CNY against USD	**117**	**(117)**
31 December 2021		
USD against Ringgit	(8,819)	8,819
Ringgit against USD	447	(447)
EUR against USD	(2,150)	2,150
SGD against USD	(336)	336
AUD against USD	(314)	314
IDR against USD	437	(437)
CNY against USD	55	(55)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If SGD and IDR change against USD by 5% (2021: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the financial asset/liability position net of those denominated in the respective entities' functional currencies are as follows:

	Profit after tax Increase/(Decrease)	
	US$'000	US$'000
	Strengthened	**Weakened**
Company		
31 December 2022		
SGD against USD	**(2)**	**2**
IDR against USD	**495**	**(495)**
31 December 2021		
SGD against USD	5	(5)
IDR against USD	470	(470)

(ii) Cash flows and fair value interest rate risks

Cash flows interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its borrowings and deposits placed with creditworthy licensed banks and financial institutions. The Group is exposed to the USD London Interbank Offered Rate ("USD LIBOR") and is managing the transition plan. The Group does not expect any changes in market interest rate to have a significant impact on the Group's profit after tax.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. FINANCIAL RISK MANAGEMENT (continued)

(a) ***Market risk*** (continued)

(iii) Commodity price risk

The Group is exposed to fluctuations in the prices of agri-commodities it deals in, including crude palm oil and palm oil products. The Group minimises the risk arising from such fluctuations by entering into commodities forward contracts and futures contracts. As the Group has not adopted hedge accounting, the fair value changes on these derivative financial instruments are recognised in the profit or loss when the changes arise.

The Group's commodities forward contracts are not traded in an active market and hence their fair values are estimated using a valuation technique as described in Note 34(e).

If the commodities forward prices had been higher or lower by 5% from the management's estimates and other variables remain constant, the Group's profit after tax would have been lower or higher by US$11,304,000 (2021: US$28,440,000) respectively, arising from the changes in the fair value of the commodities forward contracts.

(b) ***Credit risk***

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are trade and other receivables, cash and bank balances, and derivative financial instruments. For trade and other receivables and commodities forward contracts, the Group adopts the policy of dealing only with customers of appropriate credit standing and history or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group has a credit risk policy in place to manage credit risk. All new customers are subject to credit worthiness check; counterparties are ranked and assigned a credit limit appropriately. Such credit limit would be approved by the Group Segment Risk Management Team ("GSRMT"). In addition, any increase in credit limit requires approval from the GSRMT. The GSRMT is mandated to monitor the payment ageing profile of the third party receivables, to review all the outstanding receivables regularly and to identify any potential uncollectible for credit loss allowance and/or write-off.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. FINANCIAL RISK MANAGEMENT (continued)

(b) ***Credit risk*** (continued)

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Company	
	2022	2021
	US$'000	US$'000
Corporate guarantees provided to financial institutions on subsidiaries' borrowings	**501,084**	427,448

The management is of the view that no loss is expected to arise from the guarantees.

The credit risk relating to each class of financial instruments presented on the balance sheet are as follows:

(i) *Cash and bank balances and other receivables*

The Group and the Company held cash and bank balances of US$102,849,000 and US$770,000 respectively (2021: US$171,781,000 and US$858,000) with banks which have good credit-ratings and considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

The Group has assessed that other receivables are subject to immaterial credit loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. FINANCIAL RISK MANAGEMENT (continued)

(b) ***Credit risk*** (continued)

(ii) Trade receivables

For specific trade receivables identified by the Group to be credit impaired, the Group recognised a loss allowance equal to lifetime expected credit loss of US$9,378,000 (2021: US$15,356,000) in respect of these receivables, as follows:

	Group	
	2022	2021
	US$'000	US$'000
Gross amount	**23,970**	36,949
Less: Allowance for expected credit losses	**(9,378)**	(15,356)
	14,592	21,593
Beginning of financial year	**(15,356)**	(13,154)
Currency translation differences	**704**	532
Reversal/(Provision) of expected credit losses	**1,597**	(5,129)
Allowance utilised	**3,677**	2,395
End of financial year	**(9,378)**	(15,356)

For the remaining receivables, they are grouped based on similar risk characteristics and days past due, and the Group uses a provision matrix to measure the lifetime expected credit loss allowance for these receivables. These receivables as at 31 December 2022 and 31 December 2021 are set out as follows:

	Group	
	2022	2021
	US$'000	US$'000
Trade receivables		
Not past due	**229,703**	144,316
Past due < 3 months	**174,539**	78,375
Past due 3 to 6 months	**76,271**	5,674
Past due 6 to 12 months	**2,408**	1,088
Past due over 1 year	**2,204**	2,421
	485,125	231,874

For the purpose of ascertaining the credit loss to be provided, the Group takes into consideration any deposits and payables to these customers, where there is a right of offset, as well as credit insurance coverage to determine the credit risk exposure to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. FINANCIAL RISK MANAGEMENT (continued)

(b) ***Credit risk*** (continued)

(ii) *Trade receivables* (continued)

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the commodities price to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Based on the above assessment, the Group has concluded that the credit loss from these receivables as at 31 December 2022 and 31 December 2021 is immaterial.

The Group considers a trade receivable as in default if the counterparty fails to make contractual payments within a commercially reasonable timeframe that is determined by the Group, and write off the trade receivable when there is no reasonable expectation of recovery. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

(iii) *Loan to subsidiaries*

The Company monitors the credit risk of the subsidiaries to assess if there is any significant increase in credit risk.

For loans to subsidiaries identified by the Company to be credit impaired, the Company recognised credit loss of US$75,819,000 (2021: US$62,309,000). The remaining loans are measured on 12-month expected credit losses and subject to immaterial credit loss.

(iv) *Financial guarantee contracts*

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

(c) ***Liquidity risk***

Prudent liquidity risk management includes maintaining sufficient cash and maintaining flexibility in funding by keeping credit facilities available with different financial institutions. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term bank deposits as disclosed in Note 17.

The table below analyses financial liabilities (including derivative liabilities) of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying balances as the impact of discounting was not significant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. FINANCIAL RISK MANAGEMENT (continued)

(c) *Liquidity risk* (continued)

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000	Total US$'000
Group					
At 31 December 2022					
Trade and other payables	**(236,515)**	**-**	**-**	**-**	**(236,515)**
Borrowings	**(450,394)**	**(33,728)**	**(57,600)**	**(15,724)**	**(557,446)**
Lease liabilities	**(1,015)**	**(958)**	**(2,061)**	**(12,971)**	**(17,005)**
	(687,924)	**(34,686)**	**(59,661)**	**(28,695)**	**(810,966)**
Gross-settled currency forward contracts					
- Receipts	**646,710**	**-**	**-**	**-**	**646,710**
- Payments	**(234,962)**	**-**	**-**	**-**	**(234,962)**
	411,748	**-**	**-**	**-**	**411,748**
Gross-settled commodities futures contracts and forward sales and purchase contracts					
- Receipts	**891,545**	**-**	**-**	**-**	**891,545**
- Payments	**(624,636)**	**(2)**	**-**	**-**	**(624,638)**
	266,909	**(2)**	**-**	**-**	**266,907**
At 31 December 2021					
Trade and other payables	(250,572)	-	-	-	(250,572)
Borrowings	(363,051)	(19,747)	(42,661)	(16,206)	(441,665)
Lease liabilities	(618)	(1,009)	(1,142)	(7,990)	(10,759)
	(614,241)	(20,756)	(43,803)	(24,196)	(702,996)
Gross-settled currency forward contracts					
- Receipts	759,795	-	-	-	759,795
- Payments	(222,442)	-	-	-	(222,442)
	537,353	-	-	-	537,353
Gross-settled commodities futures contracts and forward sales and purchase contracts					
- Receipts	844,463	-	-	-	844,463
- Payments	(678,702)	(17,704)	-	-	(696,406)
	165,761	(17,704)	-	-	148,057

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. FINANCIAL RISK MANAGEMENT (continued)

(c) ***Liquidity risk*** (continued)

	Less than 1 year US$'000
Company	
At 31 December 2022	
Other payables	**(205)**
At 31 December 2021	
Other payables	(211)
Gross-settled currency forward contracts	
- Receipts	39
- Payments	(229)
	(190)

The table below analyses the maturity profile of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts was allocated to the earliest period in which the guarantee could be called.

	Less than 1 year US$'000
Company	
At 31 December 2022	
Financial guarantee contracts	**(501,084)**
At 31 December 2021	
Financial guarantee contracts	(427,448)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payments, obtain new borrowings or sell assets to reduce borrowings.

Management manages capital based on net assets of the Group and a number of key ratios including gross debt-equity ratio and net debt-equity ratio. The Group is required by the banks to maintain a certain amount of minimum net worth and gross debt-equity ratio. The gross debt-equity ratio is defined as total interest-bearing debts ("gross debt") to total equity. Net debt-equity ratio is defined as total interest-bearing debts less cash and bank balances ("net debt") to total equity.

No changes were made to the objectives, policies or processes of managing capital during the financial years ended 31 December 2022 and 31 December 2021.

	Group	
	31 December	
	2022	2021
	US$'000	US$'000
Debt-equity ratio		
Gross debt*	**540,779**	430,168
Less: Cash and bank balances	**(102,849)**	(171,781)
Net debt	**437,930**	258,387
Total equity	**774,758**	683,583
Gross debt-equity ratio	**0.70**	0.63
Net debt-equity ratio	**0.57**	0.38

* Gross debt is calculated as total borrowings as disclosed in Note 26.

The Group and the Company were in compliance with all externally imposed capital requirements for the financial years ended 31 December 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 US$'000	Level 2 US$'000	Total US$'000
Group			
31 December 2022			
Financial Assets			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	8,793	8,793
- Commodities forward contracts	-	42,568	42,568
- Futures contracts on commodity exchange	7	-	7
	7	**51,361**	**51,368**
Financial Liabilities			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	(10,605)	(10,605)
- Commodities forward contracts	-	(27,194)	(27,194)
- Futures contracts on commodity exchange	(17,248)	-	(17,248)
	(17,248)	**(37,799)**	**(55,047)**
31 December 2021			
Financial Assets			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	8,158	8,158
- Commodities forward contracts	-	25,308	25,308
- Futures contracts on commodity exchange	16,791	-	16,791
	16,791	33,466	50,257
Financial Liabilities			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	(1,897)	(1,897)
- Commodities forward contracts	-	(60,911)	(60,911)
	-	(62,808)	(62,808)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. FINANCIAL RISK MANAGEMENT (continued)

(e) *Fair value measurements* (continued)

	Level 1 US$'000	Level 2 US$'000	Total US$'000
Company			
31 December 2022			
Financial Assets			
Derivative financial instruments (Note 16)			
- Currency forward contracts	**-**	**-**	**-**
31 December 2021			
Financial Assets			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	1	1

There were no transfers between Levels 1 and 2 during the year. The Group's commodities futures contracts are traded in active markets and their fair values reflect quoted prices at the balance sheet date in active markets such as Bursa Malaysia. These instruments are included in Level 1.

The Group's commodities forward contracts are not traded in an active market. Their fair values are estimated by a valuation technique that takes into consideration various sources of indicative market prices at the balance sheet date. The sources of indicative market prices include prices listed on the Malaysian Palm Oil Board (MPOB), prices obtained from an international news agency, quotes obtained from brokers and actual contracted prices entered into. The fair values of currency forward contracts are determined using quoted forward exchange rates at the balance sheet date. These instruments are included in Level 2.

The carrying value less allowance for expected credit losses of trade and other receivables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings and lease liabilities approximates their carrying amounts.

(f) *Financial instruments by category*

The carrying amount of the different categories of financial instruments are as follows:

	Group		Company	
	2022 US$'000	2021 US$'000	**2022 US$'000**	2021 US$'000
Financial assets at fair value through profit or loss	**51,368**	50,257	**-**	1
Financial liabilities at fair value through profit or loss	**(55,047)**	(62,808)	**-**	-
Financial assets at amortised cost	**683,995**	455,043	**319,401**	308,465
Financial liabilities at amortised cost	**(786,666)**	(686,840)	**(205)**	(211)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. FINANCIAL RISK MANAGEMENT (continued)

(g) Offsetting financial assets and liabilities

Group

(i) Financial assets subject to offsetting

Description	(a) Gross amounts of financial assets US$'000	(b) Gross amount of financial liabilities set off on balance sheet US$'000	(c) = (a)-(b) Net amounts of financial assets presented on balance sheet US$'000
31 December 2022			
Commodities forward contracts	**46,321**	**(3,753)**	**42,568**
31 December 2021			
Commodities forward contracts	28,109	(2,801)	25,308

(ii) Financial liabilities subject to offsetting

Description	(a) Gross amounts of financial liabilities US$'000	(b) Gross amount of financial assets set off on balance sheet US$'000	(c) = (a)-(b) Net amounts of financial liabilities presented on balance sheet US$'000
31 December 2022			
Commodities forward contracts	**(30,947)**	**3,753**	**(27,194)**
31 December 2021			
Commodities forward contracts	(63,712)	2,801	(60,911)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

35. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services and other transactions

	Group	
	2022	2021
	US$'000	US$'000
Sales of finished goods to related parties	**15,713**	16,365
Purchases of raw materials from related parties	**1,592**	1,291
Purchases of plant and equipment from a related party	**1,821**	-
Losses from derivative financial instruments from related parties	**(17)**	(552)
Rental received/receivable		
- Associated company	**3**	4
- Related party	**41**	42
Interest income from related parties	**-**	1
Service fee income received/receivable		
- Associated company	**61**	51
Services paid/payable		
- Transportation and forwarding		
- Associated company	**3,218**	2,556
- Related party	**-**	159
- Packing material to related parties	**214**	443
- Consultation fees to related parties	**1,567**	1,607
- Travelling expenses to related parties	**-**	17

Related parties comprise mainly companies or individuals which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2022 and 2021 arising from the above transactions are set out in Notes 14, 24 and 25.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

35. RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel compensation

Key management personnel compensation was as follows:

	Group	
	2022	2021
	US$'000	US$'000
Wages, salaries and other short-term employee benefits	**7,959**	7,789
Employer's contribution to defined contribution plans	**144**	139
	8,103	7,928

Key management compensation includes remuneration of Executive Directors and senior management of the Group.

36. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Management Committee ("Mancom") that are used to make strategic decisions, allocate resources, and assess performance. The Mancom is the Group's chief operating decision-maker and comprises the Chief Executive Officer, Chief Operating Officer, the Chief Financial Officer, and the department heads of each business within each segment.

The Mancom considers the business from two segments:

(i) The bulk segment which sources, manufactures and sells edible oils and specialty fats and oils in bulk and bioenergy products in bulk for a variety of end uses; and
(ii) The consumer pack segment which manufactures and sells edible oils and bakery fats, dairy related products, soap and rice to consumers in packaged form.

The Group measures and tracks the profitability in terms of operating margin and adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA").

Operating margin is calculated as revenue, less cost of sales (excluding depreciation), selling and distribution expenses, allowance for/(reversal of) expected credit losses and foreign exchange gains/(losses). Operating margin relating to inter-segment sales are reported under the segment where the final sales to third parties are made.

Sales between segments reported to the Mancom is measured in a manner consistent with the Group's accounting policies.

Adjusted EBITDA is calculated as operating margin add other income, less administrative expenses (excluding depreciation), other expenses and other gains/(losses) excluding foreign exchange gains or losses which has been considered in operating margin and also excluding impairment of assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

36. SEGMENT INFORMATION (continued)

The segment information provided to the Mancom for the reportable segments for the financial year ended 31 December 2022 was as follows:

	Bulk US$'000	Consumer Pack US$'000	Total US$'000
Group			
Revenue			
Total segment sales	4,412,883	1,438,166	5,851,049
Inter-segment sales	(384,450)	(38,071)	(422,521)
Revenue from external parties	4,028,433	1,400,095	5,428,528
Operating margin	**215,943**	**84,961**	**300,904**
Other income excluding interest income	1,669	2,039	3,708
Interest income	2,113	324	2,437
Administrative expenses, excluding depreciation	(46,327)	(47,651)	(93,978)
Other expenses and other losses (net) excluding foreign exchange losses (net) and impairment losses on property, plant and equipment (net)	(374)	(3,587)	(3,961)
Adjusted EBITDA	**173,024**	**36,086**	**209,110**
Depreciation	(17,680)	(9,502)	(27,182)
Finance expense	(11,539)	(7,575)	(19,114)
Impairment losses on property, plant and equipment - net	(6,631)	(14,077)	(20,708)
Segment results	**137,174**	**4,932**	**142,106**
Unallocated			
Income tax expense			(28,989)
Share of loss of an associate			(54)
Profit after tax			**113,063**
Total segment assets	**1,131,452**	**562,407**	**1,693,859**
Unallocated			
Current income tax recoverable			874
Investment in associated company			498
Deferred income tax assets			779
Total assets			**1,696,010**
Total assets include:			
Additions to:			
- Property, plant and equipment	48,035	8,001	56,036
Total segment liabilities	**(582,270)**	**(289,601)**	**(871,871)**
Unallocated			
Current income tax liabilities			(14,960)
Deferred income tax liabilities			(34,421)
Total liabilities			**(921,252)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

36. SEGMENT INFORMATION (continued)

The segment information provided to the Mancom for the reportable segments for the financial year ended 31 December 2021 was as follows:

	Bulk US$'000	Consumer Pack US$'000	Total US$'000
Group			
Revenue			
Total segment sales	3,563,241	1,105,041	4,668,282
Inter-segment sales	(302,679)	(16,785)	(319,464)
Revenue from external parties	3,260,562	1,088,256	4,348,818
Operating margin	**150,399**	**74,679**	**225,078**
Other income excluding interest income	2,764	2,478	5,242
Interest income	2,153	518	2,671
Administrative expenses, excluding depreciation	(36,712)	(43,237)	(79,949)
Other expenses and other losses (net) excluding foreign exchange losses (net) and impairment losses on property, plant and equipment (net)	308	117	425
Adjusted EBITDA	**118,912**	**34,555**	**153,467**
Depreciation	(17,937)	(8,574)	(26,511)
Finance expense	(5,608)	(4,132)	(9,740)
Impairment losses on property, plant and equipment	(2,094)	(5,350)	(7,444)
Segment results	**93,273**	**16,499**	**109,772**
Unallocated			
Income tax expense			(28,598)
Share of profit of an associate			(27)
Profit after tax			**81,147**
Total segment assets	**964,746**	**534,506**	**1,499,252**
Unallocated			
Current income tax recoverable			1,042
Investment in associated company			582
Deferred income tax assets			1,674
Total assets			**1,502,550**
Total assets include:			
Additions to:			
- Property, plant and equipment	17,797	7,314	25,111
Total segment liabilities	**(549,755)**	**(224,554)**	**(774,309)**
Unallocated			
Current income tax liabilities			(7,958)
Deferred income tax liabilities			(36,700)
Total liabilities			**(818,967)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

36. SEGMENT INFORMATION (continued)

Geographical information

Revenue is attributed to countries on the basis of the customers' billing locations. The non-current assets, excluding deferred income tax assets and derivative financial assets, are analysed by the geographical area in which the non-current assets are located.

	Group	
	2022	2021
	US$'000	US$'000
Revenue by geography		
Malaysia	**1,958,950**	1,292,162
Singapore	**1,217,237**	1,017,342
	3,176,187	2,309,504
Other geographical areas		
- Rest of Asia	**880,372**	940,389
- Africa	**433,749**	395,245
- Middle East	**556,889**	387,800
- Europe	**188,474**	180,545
- Pacific Oceania	**121,539**	89,921
- America	**71,318**	45,414
	2,252,341	2,039,314
	5,428,528	4,348,818

	Group	
	2022	2021
	US$'000	US$'000
Non-current assets by geography		
Singapore	**20,176**	19,725
Malaysia	**331,829**	342,658
Indonesia	**92,925**	75,033
Other countries	**2,175**	15,584
	447,105	453,000

There is no transaction with a single external customer amounting to 10 per cent or more of the Group's revenues for the financial years ended 31 December 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

37. BUSINESS COMBINATION

Business combination under "acquisition method"

On 30 September 2022, the Group completed the acquisition of 100% of the issued equity of PT Simpang Kanan Lestarindo ("PTSKL"), an Indonesian company which owns and operates facilities in palm oil business, from non-related parties, through its wholly owned subsidiaries, PT Agro Perkasa, a company incorporated in Indonesia and Cavenagh Oleo (S) Pte Ltd, a company incorporated in Singapore with total purchase consideration of US$5,731,000.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

		US$'000
(a)	***Purchase consideration***	
	Cash paid	5,731
	Total purchase consideration	**5,731**
(b)	***Effect on cash flows of the Group***	
	Cash consideration paid (as above)	5,731
	Cash outflow on acquisition	**5,731**
(c)	***Identifiable assets acquired and liabilities assumed***	
	Property, plant and equipment (Note 19)	5,222
	Inventories	44
	Total assets	5,266
	Bank borrowings	(1,062)
	Total liabilities	(1,062)
	Total identifiable net assets	**4,204**
	Add: Intangible asset (Note 18 and Note (d) below)	1,527
	Consideration transferred for the business	**5,731**

(d) Fair values and intangible asset

The assets and liabilities are identified and valued through a purchase price allocation which is expected to be finalised within 12 months from the date of acquisition. The identifiable assets and liabilities are recognised at their provisional amounts in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

37. BUSINESS COMBINATION (continued)

Business combination under "acquisition method" (continued)

(e) Acquisition-related costs

Acquisition-related costs of US$31,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(f) Revenue and profit contribution

The acquired business contributed revenue of US$5,512,000 and net loss of US$215,000 to the Group from the period from 1 October 2022 to 31 December 2022.

Had PTSKL been acquired from 1 January 2022, the revenue and loss after tax for the year ended 31 December 2022 would have been US$19,900,000 and US$1,566,000 respectively.

38. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 14 February 2023, the Singapore Government announced plans to implement the Global Anti-Base Erosion (GloBE) rules and Domestic Top-up Tax (DTT) from businesses' financial year starting on or after 1 January 2025. The Singapore Government will continue to monitor the international developments and adjust the implementation timeline as needed, and will also continue to engage businesses to provide them with sufficient notice ahead of any rules becoming effective.

At the date of these financial statements, further details have not yet been released. As a result, the Group cannot reasonably ascertain the full extent of the probable impact on the Group's financial performance for the future financial years. The Group will continue to monitor and assess upon further details of the implementation.

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2023 and which the Group has not early adopted.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements:
Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

Amendments to SFRS(I) 1-1 Presentation of Financial Statements:
Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023) (continued)

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-12 Income Taxes: Deferred Tax related to Assets and Liabilties arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

The amendments to SFRS(I) 1-12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

SFRS(1) 1-12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Group does not expect any significant impact arising from applying these amendments.

40. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Mewah International Inc. on 1 March 2023.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

41. LISTING OF SIGNIFICANT SUBSIDIARIES OF THE GROUP

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Group's equity holding	
				2022 %	2021 %
Mewah-Oils Sdn Bhd [(b)]	Malaysia	Manufacturing and selling of vegetable oil products	Malaysia	**100**	100
Ngo Chew Hong Oils & Fats (M) Sdn Bhd [(b)]	Malaysia	Manufacturing and selling of vegetable oil products	Malaysia	**100**	100
Mewaholeo Industries Sdn Bhd [(b)]	Malaysia	Manufacturing and selling of vegetable oil products	Malaysia	**100**	100
Mewah Datu Sdn Bhd [(b)]	Malaysia	Manufacturing and selling of vegetable oil products	Malaysia	**100**	100
MOI Foods Malaysia Sdn Bhd [(b)]	Malaysia	Manufacturing and selling of downstream vegetable oil based food and personal care products	Malaysia	**100**	100
Mewah Dairies Sdn Bhd [(b)]	Malaysia	Manufacturing and selling of dairy related products	Malaysia	**100**	100
Bremfield Sdn Bhd [(b)]	Malaysia	Manufacturing and selling of biodiesel related products	Malaysia	**100**	100
Mewah Oils & Fats Pte Ltd [(a)]	Singapore	Trading of edible oils, fats and related products	Singapore	**100**	100
Ngo Chew Hong Edible Oil Pte Ltd [(a)]	Singapore	Packaging and trading of dairy and edible oils	Singapore	**100**	100
MOI International (Singapore) Pte Ltd [(a)]	Singapore	Trading of dairy, food products and agricultural raw materials	Singapore	**100**	100
Mewah Marketing Pte Ltd [(a)]	Singapore	Trading of edible oils, fats and related products	Singapore	**100**	100
PT Able Commodities Indonesia [(c)]	Indonesia	Manufacturing and selling of vegetable oil products	Indonesia	**70**	65

[(a)] Audited by PricewaterhouseCoopers LLP, Singapore
[(b)] Audited by PricewaterhouseCoopers, Malaysia
[(c)] Audited by Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Rekan, Indonesia, a member firm of Crowe Global

STATISTICS OF SHAREHOLDINGS

as at 14 March 2023

Total number of issued shares	:	1,500,667,440
Issued and fully paid-up capital	:	US$1,500,667
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	Number of shareholders	%	Number of shares	%
1- 99	3	0.09	97	0.00
100 - 1,000	1,042	32.80	1,029,300	0.07
1,001 – 10,000	1,082	34.06	6,722,162	0.45
10,001 – 1,000,000	1,023	32.20	65,054,659	4.33
1,000,001 & above	27	0.85	1,427,861,222	95.15
TOTAL	**3,177**	**100.00**	**1,500,667,440**	**100.00**

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		**Deemed Interest**	
Name	No. of shares	%	No. of shares	%
Eighteen Tenth Nineteen Forty Four Inc.	361,048,720[(1)]	24.06	-	0.00
Unity Investment Inc.	41,632,500[(2)]	2.77	42,312,000[(4)]	2.82
Dr. TC Pierre (Cayman Islands) Inc.	-	0.00	444,993,220[(1)(2)(4)]	29.65
T.C. Stone Limited	259,405,800[(3)]	17.29	-	0.00
J.J. Mibisa Holdings (BVI) Inc.	-	0.00	259,405,800[(3)]	17.29
Dr Cheo Tong Choon @ Lee Tong Choon	-	0.00	726,180,520[(5)]	48.39
Michelle Cheo Hui Ning	2,163,600	0.14	704,399,020[(6)]	46.94
Bianca Cheo Hui Hsin	2,460,100	0.16	705,825,020[(7)]	47.03
Sara Cheo Hui Yi	-	0.00	704,399,020[(6)]	46.94
Cheo Jian Jia	-	0.00	704,399,020[(6)]	46.94
Cheo Seng Jin	132,654,500[(4)]	8.84	-	0.00
Ankar Pacific Assets Pte. Ltd.	125,078,962	8.33	-	0.00
Ong Tuan Hong	82,351,220	5.49	-	0.00
TOTAL:	**1,006,795,402**	**67.08**		

STATISTICS OF SHAREHOLDINGS

as at 14 March 2023

(1) The shareholders of Eighteen Tenth Nineteen Forty Four Inc.(**"1810"**) include Dr. T.C. Pierre (Cayman Islands) Inc. (95.46%) which is wholly owned by SG Kleinwort Hambros Trust Company (Channel Islands) Limited as trustee of The TC Peter MD Settlement for its beneficiaries, including Michelle Cheo Hui Ning, Bianca Cheo Hui Hsin, Sara Cheo Hui Yi and Cheo Jian Jia. Dr Cheo Tong Choon @ Lee Tong Choon is the settlor of the Trust.

(2) Unity Investment Inc. (**"Unity"**) is wholly owned by Dr. T.C. Pierre (Cayman Islands) Inc. which in turn is wholly owned by SG Kleinwort Hambros Trust Company (Channel Islands) Limited as trustee of The TC Peter MD Settlement for its beneficiaries, including Michelle Cheo Hui Ning, Bianca Cheo Hui Hsin, Sara Cheo Hui Yi and Cheo Jian Jia. Dr Cheo Tong Choon @ Lee Tong Choon is the settlor of the Trust.

(3) T.C. Stone Limited.(**"TCS"**) is wholly owned by J.J. Mibisa Holdings (BVI) Inc. which in turn is wholly owned by SG Kleinwort Hambros Trust Company (Channel Islands) Limited as trustee of The TC Peter MD Settlement for its beneficiaries, including Michelle Cheo Hui Ning, Bianca Cheo Hui Hsin, Sara Cheo Hui Yi and Cheo Jian Jia. Dr Cheo Tong Choon @ Lee Tong Choon is the settlor of the Trust.

(4) Cheo Seng Jin has assigned voting rights of 42,312,000 shares to Unity (note 2).

(5) Deemed interest for Dr Cheo Tong Choon @ Lee Tong Choon arises from the shares held by his spouse; and shares held by 1810 (Note 1), Unity. (Note 2), TCS (Note 3) and Cheo Seng Jin (Note 4).

(6) Deemed interest for Michelle Cheo Hui Ning, Cheo Jian Jia and Sara Cheo Hui Yi arise from the shares held by 1810 (Note 1), Unity (Note 2), TCS (Note 3) and Cheo Seng Jin (Note 4).

(7) Deemed interest for Bianca Cheo Hui Hsin arises from the shares held by her spouse and shares held by 1810 (Note 1), Unity (Note 2), TCS (Note 3) and Cheo Seng Jin (Note 4).

STATISTICS OF SHAREHOLDINGS

as at 14 March 2023

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Citibank Nominees Singapore Pte Ltd	266,981,788	17.79
2	Raffles Nominees (Pte) Limited	220,597,932	14.70
3	Eighteen Tenth Nineteen Forty Four Inc.	210,981,976	14.06
4	DBS Nominees (Private) Limited	167,576,344	11.17
5	T.C. Stone Limited	150,996,709	10.06
6	CGS-CIMB Securities (Singapore) Pte. Ltd.	129,115,408	8.60
7	United Overseas Bank Nominees (Private) Limited	109,001,991	7.26
8	UOB Kay Hian Private Limited	49,467,832	3.30
9	Cheo Mingyou (Shi Mingyou)	27,805,500	1.85
10	BNP Paribas Nominees Singapore Pte. Ltd.	15,670,500	1.04
11	Chung Amy	14,914,500	0.99
12	Loo Choon Yong	14,190,000	0.95
13	Tsao Chin Mey Jimmy	10,660,000	0.71
14	Goh Seng Hui	8,869,500	0.59
15	Sukumaran S/O Ramasamy	3,607,400	0.24
16	Wong Wei Lan	3,558,000	0.24
17	HSBC (Singapore) Nominees Pte Ltd	3,366,400	0.22
18	Goh Bee Lan	3,350,000	0.22
19	Cheo Seng Jin	2,916,192	0.19
20	DB Nominees (Singapore) Pte Ltd	2,760,100	0.18
	TOTAL	**1,416,388,072**	**94.36**

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 14 March 2023, approximately 16.74% of the issued shares of the Company are held by the public. Accordingly, the Company has complied with the Rules 1207 and 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

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